



**KJMC**

ADVICE MATTERS

**KJMC FINANCIAL SERVICES LIMITED**

**24th Annual Report  
2011-2012**



## KJMC FINANCIAL SERVICES LIMITED

### BOARD OF DIRECTORS

Mr. I. C. Jain *Chairman*  
Mr. Rajnesh Jain  
Mr. Girish Jain  
Mr. S. C. Aythora  
Mr. Nitin Kulkarni  
Mr. R. R. Kumar

### COMPANY SECRETARY

Mr. Swadesh Agrawal

### AUDITOR

K. S. Aiyar & Co.  
Chartered Accountants,  
F-7, Laxmi Mills,  
Shakti Mills Lane,  
Mahalaxmi, Mumbai 400 011.

### BANKERS

Union Bank of India                      Citi Bank  
UCO Bank                                      HDFC Bank Limited

### REGISTRAR & TRANSFER AGENT

Bigshare Services Pvt. Ltd.,  
E-2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (East), Mumbai – 400072.  
Tel.No.022-28470652/53, Fax No. 022-28475207,  
E-mail id: info@bigshareonline.com  
Counter Timings : 10.30 a.m. to 12.30 p.m. □ 1.30 p.m. to 3.30 p.m.

### GROUP BRANCH OFFICE

**New Delhi**  
221, Hans Bhavan,  
Bahadur Shah Zafar Marg,  
New Delhi - 110 002.

**Jaipur**  
41, Jai Jawan Colony II,  
Tonk Road, Durgapur,  
Jaipur - 302 018.

| TWENTY FOURTH ANNUAL GENERAL MEETING |   |  |
|--------------------------------------|---|--|
| <b>Date</b>                          | : | <b>Thursday, 20th September, 2012</b>  |
| <b>Time</b>                          | : | <b>2.00 P.M.</b>   |
| <b>Venue</b>                         | : | <b>S. K. Somani Memorial Hall</b><br>Hindi Vidya Bhawan,<br>79 - Marine Drive, "F" Road,<br>Mumbai - 400 020 |

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## 24TH ANNUAL REPORT 2011-2012

### NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of KJMC Financial Services Limited will be held on Thursday, 20th September, 2012 at 2.00 P.M. at S. K. Somani Memorial Hall, Hindi Vidya Bhawan, 79-Marine Drive, 'F' Road, Mumbai - 400 020, to transact the following business :-

#### ORDINARY BUSINESS:-

- To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Balance Sheet as at that date and the Report of the Board of Directors and Auditors thereon.
- To declare Dividend on 12% Non Cumulative Redeemable Preference Shares.
- To appoint a Director in place of Shri Rajnesh Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Girish Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint M/s. K. S. Aiyar & Co., Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

"RESOLVED THAT pursuant to section 224 and other applicable provisions of the Companies Act, 1956, M/s. K. S. Aiyar & Co. (Registration No. 100186W), Chartered Accountants, the retiring auditors of the Company, having offered themselves for reappointment, be and are hereby re-appointed as the auditors of the Company to hold office from the conclusion of the 24th Annual General Meeting upto the conclusion of the 25th Annual General Meeting of the Company at a remuneration to be fixed by the board and reimbursement of out of pocket expenses incurred in connection with the audit."

#### FOR KJMC FINANCIAL SERVICES LIMITED

Place: Mumbai  
Date: 2nd August, 2012

(SWADESH AGRAWAL)  
COMPANY SECRETARY

#### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** The Instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company at 168, Atlanta, 16th Floor, Nariman Point, Mumbai – 400021, not less than forty eight hours before the commencement of the meeting
- Members who hold Shares in dematerialized form are requested to bring their client ID and DP ID number for easy identification of attendance in the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 10th September, 2012 to Thursday, 20th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
- As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders in respect of their holdings. Nomination Form can be obtained from the Company's Registrar and Transfer Agents.
- Information required to be furnished under the Listing Agreement :  
The information required to be provided under the listing agreement entered into with the stock exchange regarding the Directors who are proposed to be re-appointed, seeking appointment at the Annual General Meeting is given hereunder:

| 1. | Name & Designation            | Mr. Rajnesh Jain, Director  |
|----|-------------------------------|---|
|    | Date of Birth                 | 31st January, 1967  |
|    | Qualifications                | B. Com, FCA   |
|    | Expertise                     | Having vast experience in Corporate Finance, Merchant Banking and Capital Market. |
|    | Director of the Company since | 30th June, 2001   |

The other Directorships / Committee Membership of Mr. Rajnesh Jain are as follows:

| Name of the Company  | Committee Membership               | Board Membership   |
|--|------------------------------------|--------------------|
| KJMC Corporat Advisors(India) Limited (Formerly known as KJMC Global Market (India) Limited) | Member of Share Transfer Committee | Executive Director |
| Port City Infrastructure Development (India) Ltd.  | —                                  | Director           |
| KJMC Capital Market Services Ltd.  | —                                  | Director           |
| KJMC Credit Marketing Limited  | Member of an Audit Committee       | Director           |
| KJMC Commodities Market India Ltd.   | —                                  | Director           |
| KJMC Asset Management Company Limited  | —                                  | Director           |
| KJMC Silver Properties Pvt. Ltd.   | —                                  | Director           |
| KJMC Realty Pvt. Ltd.  | —                                  | Director           |
| Prathamesh Enterprises Pvt. Ltd.   | —                                  | Director           |

| 2. | Name & Designation            | Shri Girish Jain, Director   |
|----|-------------------------------|--|
|    | Date of Birth                 | 7th May, 1971  |
|    | Qualifications                | B.E.(Electronics), MBA (Finance)   |
|    | Expertise                     | He is having over 15 years of experience in Corporate Finance, Merchant Banking, Broking and Distribution. |
|    | Director of the Company since | 21st September, 1994   |

The other Directorships / Committee Membership of Shri Girish Jain are as follows:

| Name of the Company  | Committee Membership  | Board Membership   |
|--|---|--------------------|
| KJMC Corporat Advisors(India) Limited (Formerly known as KJMC Global Market (India) Limited) | Member of Share Transfer Committee & Remuneration Committee | Director           |
| KJMC Capital Market Services Limited   | Member of an Audit Committee                                | Executive Director |
| KJMC Shares and Securities Ltd   | —   | Director           |
| KJMC Asset Management Company Ltd.   | Member of an Audit Committee                                | Director           |
| KJMC Credit Marketing Limited  | —   | Director           |
| KJMC Commodities Market India Limited  | —   | Director           |
| KJMC Platinum Builders Private Limited   | —   | Director           |
| Port City Infrastructure Development (India) Ltd.  | —   | Director           |

- Members are requested to:
  - To bring their copy of the Annual Report at the meeting.
  - Quote their Folio No. or Client ID No. and DP ID No. in all correspondence with the Company.
  - Notify immediately to the Company or Present R&T Agents viz Bigshare Services Private Limited, any change in their address and their mandates, if any. Pin Code Nos. at the end of address should positively be mentioned in order to ensure that postal authorities deliver the envelopes easily and on time.
  - Handover the enclosed attendance slip, duly signed in accordance with their specimen signature registered with the Company, for admission to the meeting hall.
- Any member requiring further information on accounts at the meeting is requested to address their queries in writing to the Company at least 10 days in advance from the date of the meeting, so that the required information may be made readily available at the meeting.

#### FOR KJMC FINANCIAL SERVICES LIMITED

Place: Mumbai  
Date: 2nd August, 2012

(SWADESH AGRAWAL)  
COMPANY SECRETARY



## KJMC FINANCIAL SERVICES LIMITED

### DIRECTORS' REPORT

To,  
The Members of  
KJMC Financial Services Limited

Your Directors herewith present the 24th Annual Report, together with the audited statement of accounts of the Company for the year ended 31st March, 2012.

### FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March, 2012 is summarised below:

(₹ In lakhs)

| Particulars                               | Year ended<br>31st March, 2012 | Year ended<br>31st March, 2011 |
|---|--------------------------------|--------------------------------|
| Total Income                              | 64.78                          | 106.81                         |
| Total Expenditure                         | 30.69                          | 52.37                          |
| <b>Profit before Depreciation and Tax</b> | <b>34.09</b>                   | <b>54.44</b>                   |
| Less : Depreciation                       | 4.53                           | 5.57                           |
| <b>Profit before Tax</b>                  | <b>29.56</b>                   | <b>48.87</b>                   |
| Less: Provision for Tax                   |                                |                                |
| - Current Tax                             | 5.50                           | 8.50                           |
| - Deferred Tax                            | 0.79                           | (127.09)                       |
| - MAT Credit                              | (5.50)                         | (6.86)                         |
| - Prior year taxes                        | 1.76                           | 22.46                          |
| <b>Profit / (Loss) After Tax</b>          | <b>27.01</b>                   | <b>151.85</b>                  |
| Add : Prior period Income /(Expenses)     | -                              | -                              |
| Add : Surplus as per last account         | 173.10                         | 78.66                          |
| Disposable Profits                        | 200.11                         | 230.51                         |
| Appropriations towards :                  |                                |                                |
| Special Reserve                           | 5.40                           | 30.37                          |
| General Reserve                           | 2.70                           | 15.19                          |
| Dividend on 12% Non Cumulative            |                                |                                |
| Redeemable Preference Shares              | 10.20                          | 10.20                          |
| Tax on Preference Dividend                | 1.65                           | 1.65                           |
| Surplus Balance carried to Balance Sheet  | 180.16                         | 173.10                         |

### PERFORMANCE REVIEW

During the year under review, your Company earned the gross income of ₹ 64.78 Lakhs as against ₹ 106.81 Lakhs in the previous year. The total expenditure during the year under review was ₹ 30.69 Lakhs as against ₹ 52.37 Lakhs in the previous year. The Net Profit after tax was ₹ 27.01 Lakhs as against ₹ 151.85 Lakhs in the previous year.

### DIVIDEND

In view of the inadequate profits, your Directors do not recommend any dividend on Equity Shares for the year under review. Your Directors recommend Dividend of ₹ 12/- per share on 12% Non Cumulative Redeemable Preference Shares of ₹ 100/- each.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rajnesh Jain and Shri Girish Jain, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### AUDITORS

M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for reappointment. The Company has received letter from the Auditors to the effect that their re-appointment, if made, shall be in accordance with section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the Companies Act, 1956.

### FIXED DEPOSITS

The Company has neither invited, nor accepted, nor renewed any fixed deposit from the public during the year and there was no outstanding deposit payable during the financial year ended 31st March, 2012.

### RBI PRUDENTIAL NORMS

Since the Company does not accept and hold any public deposits, Non-Banking Financial Companies Prudential Norms (Reserve Bank of India) Directions, 1998 are not applicable to the Company in regard to capital adequacy.

### RBI GUIDELINES

The Company has made necessary changes in its Fair Practice Code in line with Circular dated March 26, 2012 of Reserve Bank of India. The Company continues to comply with all the requirements prescribed by the Reserve Bank of India, from time to time as applicable to it.

### SUBSIDIARY COMPANIES

KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are subsidiaries of the Company.

In accordance with the general circular no. 2/2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies on any working day, except Saturdays, between 11.00 a.m. and 3.00 p.m. However, as required under the aforesaid circular and pursuant to Clause 32 of the Listing Agreement, the Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

### CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchange, your Directors have pleasure in attaching the Consolidated Financial Statements for the financial year ended 31st March, 2012, prepared in accordance with the Accounting Standards 21 (AS 21) prescribed by the Institute of Chartered Accountants of India, in this regard.

### DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year 31st March, 2012 and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis.

### CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of

Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

A report on the Management Discussion and Analysis for the financial year under review is annexed and forms part of the report.

### LISTING OF SHARES

Equity Shares of the Company are listed on BSE Limited. Annual listing fees upto the year 2012-13 has been paid to the BSE Limited. The Company complied with the delisting formalities in respect of the other stock exchanges and consequently the Equity Shares of the Company were delisted from Jaipur Stock Exchange Limited, The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Limited. The delisting approval from Bhubaneswar and Calcutta Stock exchanges is awaited.

### PARTICULARS OF EMPLOYEES

Since there are no employees falling within the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, no such details are required to be given.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

Since the Company is a Financial Services Company, the details required under Section 217(1)(e) of the Companies Act, 1956 are not applicable.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no earnings in foreign exchange nor was there any outflow during the year under review.

### INSURANCE

The Company's fixed assets as well as current assets have been adequately insured.

### ACKNOWLEDGMENTS

The Directors wish to place on record their appreciation of the contribution made by the executives and employees at all levels for their dedication and commitment to the Company throughout the year.

Your Directors also appreciate with gratitude the continuous support of the Bankers, Clients and the Company's Shareholders.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 2nd August, 2012

(I. C. Jain)  
Chairman

## MANAGEMENT DISCUSSION & ANALYSIS

### OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI), the Accounting Standards prescribed by the Institute of Chartered Accountants of India and the Generally Accepted Accounting Principles in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner and reasonably present our state of affairs, profits and cash flows for the year.

### FUTURE PROSPECTS OF NBFC SECTOR:

NBFCs have been playing a very important role both from the macro economic perspective and the structure of the Indian financial system. NBFCs are the preferred or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. They offer quick and efficient services without making one to go through the complex rigmarole of conventional banking formalities.

However to survive and to constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavor to search for new products and services in order to survive in this ever competitive financial market.

#### 1. BUSINESS AND INDUSTRY REVIEW:-

KJMC has been involved in providing fund based financial services and funding solutions to the Indian Corporates, Institutions, SME's etc. Your Company, along with its associates forms an integrated financial services group providing wide range of services to its clients. The organization structure is designed to be flexible and customer focused to ensure effective control, supervision and consistency in standards across the organization.

#### 2. FINANCIAL REVIEW

During the year under review, your Company earned the gross income of ₹ 64.78 Lakhs as against ₹ 106.81 Lakhs in the previous year. The total expenditure during the year under review was ₹ 30.69 Lakhs as against ₹ 52.37 Lakhs in the previous year. The Net Profit after tax was ₹ 27.01 Lakhs as against ₹ 151.85 Lakhs in the previous year. Your Director expect better performance of the Company in the coming years.

#### 3. BUSINESS OUTLOOK

Your Company will increase its product base as far as raising resources and deploying them in safe and profitable manner. As far as Subsidiary Companies are concerned, your Company is working on plans to activate / expand them including looking for tie-ups / associations / joint ventures for fast-pacing the business plans.

#### 4. RISKS AND CONCERNS

The Company is exposed to specific risks that are particular to its business and the environment within which it operates including economic cycle, market risks, competition risk, interest rate volatility, human resource risk and execution risk etc. The

Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk practices. Being engaged in the business in a highly regulated industry; we are presented with risk containment measures in the very regulations. The company's business could potentially be affected by the following factors:-

- Impact of markets on our revenues and investments, sustainability of the business across cycles
- Sharp movement in prevailing interest rates in the market.
- Risk that a client will fail to deliver as per the terms of a contract with us or another party at the time of settlement.
- Risk due to uncertainty of a counterparty's ability to meet its financial obligations to us.
- Inability to conduct business and service clients in the event of a contingency such as a natural calamity breakdown of infrastructure, etc.

## 5. OPPORTUNITIES AND THREATS

### Opportunities:

- \* Funding to traders and manufacturing units
- \* Investing in Private Equity of growing concerns
- \* Channel Sales Financing
- \* Promoter Funding

### Threats:

- \* Competition from established companies and new entrants
- \* Execution risk
- \* Regulatory changes
- \* Attraction and retention of human capital
- \* Volatile Economic Environment

## 6. ADEQUACY OF INTERNAL CONTROLS

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transaction are authorised, recorded and reported correctly. The Company has an extensive system of internal control which ensures optimal utilisation and protection of resources, its security, accurate reporting of financial transactions and compliances of applicable laws and regulations as also internal policies and procedures.

## 7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Your Company continues to lay great stress on its most valuable resource - people. Continuous training, both on the job and in an academic setting, is a critical input to ensure that employees at all levels are fully equipped to deliver a wide variety of products and services to the rapidly growing customer base of your Company. It is our endeavour to create an environment where people can use all of their capabilities in support of the business. Therefore, your Company encourages its employees to balance their work and personal responsibilities.

## REPORT ON CORPORATE GOVERNANCE FOR THE F.Y. 2011-2012

In accordance with Clause 49 of the Listing Agreement with BSE Limited (Clause 49) and some of the best practices followed on Corporate Governance, the report containing the details of corporate governance systems and processes is as under:

### PHILOSOPHY OF CORPORATE GOVERNANCE

Your Company is committed to upholding the highest standards of Corporate Governance in its operations. The policies and practices are not only in line with the statutory requirement, but also reflect your Company's commitment to operate in the best interest of its stake holders. The responsibility for maintaining high standards of governance lies with your Company's Board of Directors and various Committee of the Board, which are empowered to monitor implementation of the best Corporate Governance practices including making necessary disclosures within the framework of legal and regulatory provisions and Company conventions besides its employees.

In this direction, your Company is committed to ensure that the Company's Board of Directors continued to be constituted as per the prescribed norms, meets regularly as per the prescribed frequency, provides effective leadership, exercises control over the management, monitors executive performance and makes appropriate disclosures. In addition, establishment of a framework of strategic control and continuous reviewing of its efficacy and establishment of clearly documented and transparent management processes for policy development, implementation and review, decision making, monitoring control and reporting are the other policy directives. Your Company provides free access to the Board of all relevant information, advices and resources to enable it to carry out its role effectively. In addition the Company has appointed Compliance / Nodal officer for matters relating to RBI & Companies Act, etc.

Pursuant to Clause 49 of the Listing Agreement, your Company has complied fully with all the mandatory requirements of the Corporate Governance in all material aspects. As required by the Listing Agreement, a report on Corporate Governance is given below:

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is committed to bring about the good corporate governance practice. The Company has laid emphasis on cardinal values of fairness, transparency, accountability and equity, in all its operations, and in its interactions with stakeholders including shareholders, employees, the government and the lenders, thereby enhancing the shareholders' value and protecting the interest of shareholders. Your Company will constantly endeavour to improve on these aspects on an ongoing basis.

### 2. BOARD OF DIRECTORS

The Company has a Non – Executive Chairman and the number of Independent Directors is one half of the total number of Directors. The Directors have been contributing their diversified knowledge, experience and expertise in respective areas of their specialization for the growth of the Company. During the Financial Year 2011-2012, Five (5) Meetings of the Board of Directors were held on 27th May, 2011, 10th August, 2011, 24th September, 2011, 12th November, 2011 and 2nd February, 2012.

The particulars of Directors as on 31st March, 2012 are as follows:

| Sr. No. | Director           | Category of Directorship             | No. of BM Attended Held | Last AGM attended | No. of Other Director-ship | Committee Membership(s) |        |
|---------|--------------------|--------------------------------------|-------------------------|-------------------|----------------------------|-------------------------|--------|
|         |                    |                                      |                         |                   |                            | Chairman                | Member |
| 1.      | Mr. I. C. Jain     | Chairman / Non- Executive Director   | 5                       | Yes               | 9                          | 1                       | 3      |
| 2.      | Mr. R. R. Kumar    | Non-Executive & Independent Director | 5                       | Yes               | 6                          | 3                       | 3      |
| 3.      | Mr. Girish Jain    | Non-Executive Director               | 5                       | Yes               | 9                          | 1                       | 3      |
| 4.      | Mr. Rajnesh Jain   | Non-Executive Director               | 4                       | Yes               | 11                         | 1                       | 1      |
| 5.      | Mr. S.C. Aythora   | Non-Executive & Independent Director | 4                       | No                | 18                         | 4                       | 3      |
| 6.      | Mr. Nitin Kulkarni | Non-Executive & Independent Director | 5                       | Yes               | 1                          | 2                       | 3      |

None of the Directors hold directorship in more than 15 public limited companies, membership in committees of Board in more than 10 companies and chairmanship of committee of Board of more than 5 committees.

None of the Independent Directors had resigned nor removed from the Board of the Company during the year, and hence compliance in respect of replacement thereof did not arise.

#### Board Procedures

The Agenda is circulated well in advance to the Board of Directors. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In additions to the information required under Annexure IA to clause 49 of the Listing Agreement, the Board is also kept informed of major events/ items and approvals taken wherever necessary. At the Board meetings, the Board is apprised of the overall performance of the Company.

### 3. AUDIT COMMITTEE

#### (a) Terms of Reference:

Pursuant to the provision of Section 292A of the Companies Act, 1956 and clause 49 of the Listing agreement, the Company has Qualified Audit Committee. The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, fixing the audit fees and also approving the payment for any other services, reviewing the annual financial statements before submission to the Board, reviewing adequacy of internal control systems, structure and staffing of the internal audit function, reviewing findings of the internal investigations, etc.

The terms of reference and powers of the Audit Committee are as per Clause 49 of the Listing Agreement and also as per Section 292A of the Companies Act, 1956. The Committee met four times during the year on 27th May, 2011, 10th August, 2011, 12th November, 2011 and 2nd February, 2012.

#### (b) Composition:

The Audit Committee consists of the following Directors:

| Name of Director   | Executive/Non- Executive/ Independent              | No. of meetings attended |
|--------------------|--|--------------------------|
| Mr. I. C. Jain     | Non Executive Director                             | 4                        |
| Mr. S. C. Aythora  | Chairman of the Committee and Independent Director | 4                        |
| Mr. Nitin Kulkarni | Independent Director                               | 4                        |

### 4. SUBSIDIARY COMPANIES

The Company has the following subsidiary companies as on March 31, 2012:

- KJMC Asset Management Company Limited
- KJMC Investment Trust Company Limited

### 5. REMUNERATION COMMITTEE:

#### (a) Terms of Reference:

The Remuneration Committee was formed by the Board of Directors at their meeting held on 7th July, 2007. The terms of the reference of the Committee is to review and recommend compensation payable to the Executive Directors and also to formulate and administer Employees Stock Option Scheme, including the review and grant of options to eligible employees under the scheme. The Committee also ensures the Compensation Policy of the Company and Performance Oriented Scheme for Senior Managers. The overall function of the Committee consists of the following:

- \* Assist the Board of Directors in ensuring that affordable, fair and effective compensation policies are implemented.
- \* Approve and make recommendations to the Board in respect of Directors' fees, Salary Structure and actual compensation (inclusive of Performance based incentives and benefits) of the Executive Director(s).
- \* Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the employees.
- \* Review and approve the change in terms and conditions of the ESOP.
- \* Review and approve the criteria for selection and appointment of Non-Executive Directors.

#### (b) Composition:

The Remuneration Committee consists of the following Directors:

| Name of Director  | Executive/Non-Executive/Independent                |
|-------------------|--|
| Mr. S. C. Aythora | Chairman of the Committee and Independent Director |
| Mr. R. R. Kumar   | Independent Director                               |
| Mr. Girish Jain   | Non-Executive Director                             |

No Remuneration Committee Meeting was held during the year.

### 6. SHARE TRANSFER / INVESTOR GRIEVANCE COMMITTEE

#### (a) Terms of Reference:

The role and functions of the Share Transfer / Investor's Grievances Committee are the effective redressal of the Complaints of the Shareholders regarding dematerialization, transfer, non-receipt of balance sheet/ dividend/interest etc. The Committee overviews the steps to be taken for further value addition in the quality of service to the investors.

#### (b) Composition:

Pursuant to Clause 49 of the Listing Agreement, the Company is required to have Share Transfer / Investor Grievance Committee. Accordingly, the Board of Directors formed a Share Transfer / Investor Grievance Committee, consisting of following Directors:

| Name of Director    | Designation in Committee |
|---------------------|--------------------------|
| Mr. Girish Jain     | Chairman                 |
| Mr. Rajnesh Jain    | Member                   |
| Mr. Inderchand Jain | Member                   |
| Mr. Nitin Kulkarni  | Member                   |

During the year, the Company received NIL complaints and no transfer was pending as on 31st March, 2012. The Board has delegated the powers to approve transfer of securities allotted by the Company to this Committee. The Committee held 7 meetings during the year and approved the transfer of shares lodged with the Company and attended the investor's queries & complaints.

### 7. SITTING FEES:

The remuneration by way of sitting fees for attending Board and Audit Committee Meetings are paid to Independent Directors are as follows:

(Amount in ₹)

| Name of Director   | Board Meeting | Audit Committee |
|--------------------|---------------|-----------------|
| Mr. R. R. Kumar    | 10,000/-      | -               |
| Mr. S. C. Aythora  | 8,000/-       | 4,000/-         |
| Mr. Nitin Kulkarni | 10,000/-      | 4,000/-         |

**8. GENERAL BODY MEETINGS:**

The particulars of Annual General Meetings and Extra Ordinary General Meeting of the Company held in last three are as under:

| Year | AGM/EGM | Location   | Date       | Time      |
|------|---------|--|------------|-----------|
| 2009 | AGM     | S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai | 26/09/2009 | 3.30 P.M. |
| 2010 | AGM     | S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai | 25/09/2010 | 3.30 P.M. |
| 2011 | AGM     | S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai | 24/09/2011 | 3.30 P.M. |

No Special Resolution was put through Postal Ballot last year nor proposed at the ensuing Annual General Meeting.

**9. CODE OF CONDUCT**

The code of conduct for the Directors and the Employees of the Company has been laid down by the Board and it is internally circulated and necessary declaration has been obtained.

**10. DISCLOSURES**

- \* None of the transactions with any of the related party are in conflict with the interest of the Company. Transactions with related parties have been disclosed in Note 27 to the Notes on Accounts in the Annual Report.
- \* There is no non compliance of any provision of law by the Company nor any penalty/ stricture imposed on the Company by Stock Exchange(s), SEBI or any other authority, on any matter related to Capital markets, during the last three years.
- \* The Company has complied with all the mandatory requirements of the Corporate Governance.
- \* The Company do not have any Whistle Blower Policy. However, any employee would not be denied access to the Audit Committee.

**11. MEANS OF COMMUNICATION**

The Company has promptly reported all material information including quarterly results to BSE Limited, where the Company's securities are listed. The Company publishes its quarterly, half yearly, financial results in national and regional newspapers. The Company also sends the financial results to the Stock Exchanges immediately after its approval by the Board. The Company has not sent half yearly report to the shareholders. No presentations were made to the Institutional Investor's or analysts during the year under review. The Management Discussions and Analysis (MD&A) Report is annexed and forms part of this Report.

**GENERAL SHAREHOLDER'S INFORMATION**
**1. Annual General Meeting scheduled to be held:**

Date : Thursday, 20th September, 2012  
Time : 2.00 P.M.  
Venue : S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai – 400 020.

**2. Book Closure:**

Monday, 10th September, 2012 to Thursday, 20th September, 2012 (both days inclusive).

**3. Dividend Payment Date**

Not applicable as no dividend was recommended/declared on Equity Shares. Preference dividend will be paid before 27th September, 2012.

**4. Financial Calendar (tentative):**

| Financial Reporting for the Financial Year 2012-13                         | Tentative month of reporting     |
|--|----------------------------------|
| Un-audited Financial Results for the quarter ending 30th June, 2012        | On or before 14th August, 2012   |
| Un-audited Financial Results for the half year ending 30th September, 2012 | On or before 14th November, 2012 |
| Un-audited Financial Results for the quarter ending 31st December, 2012    | On or before 14th February, 2013 |
| Audited Financial Results for the year ending 31st March, 2013             | On or before 29th May, 2013      |

**5. Listing of Equity Shares on Stock Exchanges:**

- (i) Equity Shares of the Company are listed on BSE Limited, Mumbai (BSE). Annual listing fees for the year 2012-13 has been paid to the BSE Limited, Mumbai.

- (ii) The Company complied with the delisting formalities with other stock exchanges and consequently the Company got its shares delisted from Jaipur Stock Exchange Limited, The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Limited. The delisting approval from Bhubaneshwar and Calcutta Stock exchanges is awaited.

**6. Stock Code:**

- (i) BSE Limited, Mumbai (BSE): B – 530235
- (ii) ISIN - INE533C01018

**7. Stock Price Data:**

Month wise high and low price of the Company's Shares at BSE Limited (BSE) from April, 2011 to March, 2012.

| Month           | BSE Limited (BSE) |            |
|-----------------|-------------------|------------|
|                 | High (₹)          | Low (₹)    |
| April, 2011     | 24.75             | 24.40      |
| May, 2011       | 24.40             | 24.40      |
| June, 2011      | No Trading        | No Trading |
| July, 2011      | No Trading        | No Trading |
| August, 2011    | No Trading        | No Trading |
| September, 2011 | 23.40             | 19.00      |
| October, 2011   | 19.95             | 16.50      |
| November, 2011  | 16.25             | 15.25      |
| December, 2011  | 17.60             | 14.55      |
| January, 2012   | 14.50             | 13.45      |
| February, 2012  | 13.70             | 12.83      |
| March, 2012     | 13.85             | 13.50      |

**8. Compliance Officer:**

Mr. Swadesh Agrawal, Company Secretary  
168, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.  
Ph: 022- 22885201, email: cosec@kjmc.com

**9. Address For Correspondence:**

Shareholders can correspond to:

Secretarial Department: 168, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.

Or

Registrars and Transfer Agents :- Bigshare Services Pvt. Ltd., E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400072, Tel.No.022-28470652/53, Fax No. 022-28475207, email id: info@bigshareonline.com.

Shareholders holding shares in electronic mode should address their Correspondence to their respective Depository Participants. The company also has designated email id: investor.finance@kjmc.com where shareholders can correspond with the Company.

**10. Share Transfer System**

Shares sent for transfer in physical form to R&T Agents, are registered and returned within a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposals. All requests for dematerialisation of shares are processed by R&T Agent within 15 days.

**11. Dematerialisation of Shares**

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 29th January 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on 31st March 2012, out of total Equity Capital 31,35,740 Equity Shares, 28,21,809 Equity Shares representing 89.99 % of the total Equity Shares are held in dematerialised form with NSDL and CDSL. Transfer cum demat facility is available to all Shareholders of the Company, who request for such facility.

**12. Distribution of Shareholding as on 31st March, 2012**

| Range in rupees  | Number of Shareholders | % of Total Holders |
|------------------|------------------------|--------------------|
| Upto 5000        | 3684                   | 96.77              |
| 5001 to 10000    | 42                     | 1.10               |
| 10001 to 20000   | 22                     | 0.60               |
| 20001 to 30000   | 5                      | 0.13               |
| 30001 to 40000   | 8                      | 0.21               |
| 40001 to 50000   | 9                      | 0.23               |
| 50001 to 100000  | 10                     | 0.26               |
| 100001 and above | 27                     | 0.70               |
| TOTAL.....       | 3,807                  | 100.00             |



## 24TH ANNUAL REPORT 2011-2012

### 13. Shareholding Pattern as on 31st March, 2012

| Cat. Code | Category of Shareholder  | Total No. of Shares held | % Share holding |
|-----------|--|--------------------------|-----------------|
| A.        | Shareholding of Promoter and Promoter Group                                      |                          |                 |
| 1         | Indian   |                          |                 |
| (a)       | Individuals / Hindu Undivided Family   | 1589905                  | 50.70           |
| (b)       | Central Govt. / State Govt.  | 0                        | 0               |
| (c)       | Bodies Corporate   | 0                        | 0               |
| (d)       | Financial Institutions / Banks   | 0                        | 0               |
| (e)       | Any other  | 0                        | 0               |
|           | <b>Sub Total – A(1)</b>  | <b>1589905</b>           | <b>50.70</b>    |
| 2         | Foreign  | 0                        | 0               |
| (a)       | Non Resident Individuals / Foreign Individuals                                   | 0                        | 0               |
| (b)       | Bodies Corporate   | 0                        | 0               |
| (c)       | Institutions   | 0                        | 0               |
| (d)       | Any other  | 0                        | 0               |
|           | <b>Sub Total A(2)</b>  | <b>0</b>                 | <b>0</b>        |
|           | <b>Total Shareholding of Promoter Group</b>                                      | <b>1589905</b>           | <b>50.70</b>    |
| (B)       | Public Shareholding  |                          |                 |
| 1         | Institutions   |                          |                 |
| (a)       | Mutual Funds / UTI   | 0                        | 0               |
| (b)       | Financial Institutions / Banks   | 65400                    | 2.09            |
| (c)       | Central Govt. / State Govt.  | 7050                     | 0.22            |
| (d)       | Venture Capital Funds  | 0                        | 0               |
| (e)       | Insurance Companies  | 0                        | 0               |
| (f)       | Foreign Institutional Investors  | 0                        | 0               |
| (g)       | Foreign Venture Capital Investors  | 0                        | 0               |
| (h)       | Any other  | 0                        | 0               |
| (h1)      | NRI Banks  | 0                        | 0               |
|           | <b>Sub Total B(1)</b>  | <b>72450</b>             | <b>2.31</b>     |
| 2         | Non Institutions   |                          |                 |
| (a)       | Bodies Corporate / Trust   | 615622                   | 19.63           |
| (b1)      | Individuals-shareholders holding normal Share Capital up to Rs. 1 Lac            | 460148                   | 14.67           |
| (b2)      | Individuals-shareholders holding normal Share Capital in excess of Rs. 1 Lac     | 388686                   | 12.39           |
| (c)       | Any other  | 0                        | 0               |
| (c1)      | Clearing Members   | 8168                     | 0.26            |
| (c2)      | NRI  | 761                      | 0.02            |
| (c3)      | OCB's  | 0                        | 0               |
|           | <b>Sub Total B(2)</b>  | <b>1473385</b>           | <b>46.99</b>    |
|           | <b>Total Public Shareholding B(1) + B(2)</b>                                     | <b>1545835</b>           | <b>49.30</b>    |
|           | <b>Total (A) + (B)</b>   | <b>3135740</b>           | <b>100.00</b>   |
| C         | Shares held by Custodians and against which Depository receipts have been issued | 0                        | 0               |
|           | <b>Grand Total</b>   | <b>3135740</b>           | <b>100.00</b>   |

Note: The total foreign shareholding as on 31st March, 2012, is 761 Equity shares, which in percentage terms is 0.024% of the issued and subscribed capital.

#### OTHER INFORMATION

##### Code of conduct for Prevention of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees of the Company. The code is based on the principle that Directors, Officers and Employees of KJMC Financial Services Limited owe a fiduciary duty to, among others, the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The code

also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decision with regard to the Company's Securities.

##### Declaration regarding affirmation and Compliance of Code of Conduct

As required by Clause 49(I)(D) of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2012.

**FOR KJMC FINANCIAL SERVICES LIMITED**

**(I. C. JAIN)**

*CHAIRMAN*

##### CEO and CFO Certification

The CFO i.e. Principal Officer & Vice President (Finance & Accounts) of the Company give annual certification on financial reporting and internal controls to the Board in terms of clause 49 of the Listing Agreement. The CFO i.e. Principal Officer & Vice President (Finance & Accounts) also give quarterly certification on financial results while placing the financial results before the Audit Committee and Board.

##### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of KJMC Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by the KJMC Financial Services Limited for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

**For K. S. Aiyar & Co.**

*Chartered Accountants*

FRN No. 100186W

**Sachin A. Negandhi**

*Partner*

(Membership No. 112888)

Place : Mumbai

Date : May 24, 2012

## AUDITORS' REPORT

### TO THE MEMBERS OF KJMC FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of KJMC FINANCIAL SERVICES LIMITED, as at March 31, 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. on the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2012 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For K. S. Aiyar & Co.,**  
Chartered Accountants  
Registration No: 100186W

**Sachin A. Negandhi**  
Partner  
Membership No.: 112888

Place: Mumbai  
Date: May 24, 2012

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date on the Accounts for the year ended on March 31, 2012, of **KJMC Financial Services Limited**)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us, no fixed assets are disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, clause 4 (ii)(a), (b) & (c) of the Order are not applicable.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given

to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into a register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have been informed that the Company is not required to maintain cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, which has been relied upon.
- (ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues applicable to it have been generally regularly deposited during the period with the appropriate authorities.  
According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the period end for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedure and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution / bank. The Company does not have any outstanding debentures.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) On the basis of our examination of books and records of the Company, and according to the information and explanations given to us, in our opinion, the Company has maintained proper records of transactions and contracts in respect of dealing or trading in shares and securities entered into, in which entries were made on a timely basis. As at the balance sheet date the shares, securities and other investments were held in the Company's own name.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year under report, accordingly, the provision of Clause (xvi) of paragraph 4 of the Order are not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures were issued during the period.
- (xx) The Company has not raised any money by way of public issue during the period. Therefore, the provision of clause (xx) of the order is not applicable to the Company.
- (xxi) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.

**For K. S. Aiyar & Co.**  
Chartered Accountants  
Registration No. 100186W

**Sachin A Negandhi**  
Partner  
Membership No. 112888

Place: Mumbai  
Date: May 24, 2012

## 24TH ANNUAL REPORT 2011-2012

### BALANCE SHEET AS AT MARCH 31, 2012

(₹ in '000')

| PARTICULARS                       | NOTE NO. | As At<br>31.03.2012 | As At<br>31.03.2011 |
|-----------------------------------|----------|---------------------|---------------------|
| <b>(I) EQUITY AND LIABILITIES</b> |          |                     |                     |
| <b>Shareholders' Funds</b>        |          |                     |                     |
| (a) Share capital                 | 2        | 39,857              | 39,857              |
| (b) Reserves and surplus          | 3        | 80,601              | 79,085              |
| <b>Non-Current Liabilities</b>    |          |                     |                     |
| (a) Other Long term liabilities   | 4        | 50,500              | 97,000              |
| <b>Current Liabilities</b>        |          |                     |                     |
| (a) Short term borrowings         | 5        | 25,010              | 9,236               |
| (b) Other current liabilities     | 6        | 340                 | 182                 |
| (c) Short-term provisions         | 7        | 3,057               | 2,514               |
| <b>TOTAL</b>                      |          | <b>199,365</b>      | <b>227,874</b>      |
| <b>(II) ASSETS</b>                |          |                     |                     |
| <b>Non-Current Assets</b>         |          |                     |                     |
| (a) Fixed assets                  | 8        |                     |                     |
| (i) Tangible assets               |          | 5,360               | 6,072               |
| (ii) Intangible assets            |          | 18                  | 30                  |
| (b) Non-current investments       | 9        | 176,321             | 193,090             |
| (c) Deferred tax assets (Net)     | 10       | 12,631              | 12,708              |
| (d) Long-term loans and advances  | 11       | 289                 | 289                 |
| (e) Other non-current assets      | 12       | -                   | 5                   |
| <b>Current Assets</b>             |          |                     |                     |
| (a) Cash and bank balances        | 13       | 1,418               | 10,414              |
| (b) Short-term loans and advances | 14       | 3,295               | 5,222               |
| (c) Other current assets          | 15       | 33                  | 44                  |
| <b>TOTAL</b>                      |          | <b>199,365</b>      | <b>227,874</b>      |

Significant Accounting Policies and Notes to Accounts

1 to 30

The above notes are integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

**For K.S Aiyar & Co.**

*Chartered Accountants*

Registration No: 100186W

**Sachin Negandhi**

*Partner*

Membership No.112888

Place : Mumbai

Date : 24th May 2012.

**I.C.Jain**

*Chairman*

**Girish Jain**

*Director*

**Swadesh Agrawal**

*Company Secretary*

Place : Mumbai

Date : 24th May 2012.



# KJMC FINANCIAL SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in'000')

| PARTICULARS                           | NOTE NO. | For the<br>year ended<br>31.03.2012 | For the<br>year ended<br>31.03.2011 |
|---------------------------------------|----------|-------------------------------------|-------------------------------------|
| Revenue from operations               | 16       | 5,284                               | 9,540                               |
| Other Income                          | 17       | 1,194                               | 1,140                               |
| <b>Total Revenue</b>                  |          | <b>6,478</b>                        | <b>10,680</b>                       |
| Expenses:                             |          |                                     |                                     |
| Employee Benefits expense             | 18       | 1,207                               | 1,006                               |
| Finance Costs                         | 19       | 631                                 | 2,043                               |
| Depreciation and amortization expense | 8        | 453                                 | 557                                 |
| Other expenses                        | 20       | 1,231                               | 2,188                               |
| <b>Total Expenses</b>                 |          | <b>3,522</b>                        | <b>5,794</b>                        |
| <b>Profit before tax</b>              |          | <b>2,956</b>                        | <b>4,886</b>                        |
| Tax Expense:                          |          |                                     |                                     |
| (1) Current tax                       |          | 550                                 | 850                                 |
| (2) Deferred tax                      |          | 79                                  | (12,709)                            |
| (3) MAT credit                        |          | (550)                               | (686)                               |
| (4) Prior period taxes                |          | 176                                 | 2,246                               |
|                                       |          | 255                                 | (10,299)                            |
| <b>Profit/(Loss) for the period</b>   |          | <b>2,701</b>                        | <b>15,185</b>                       |
| Earnings per equity share:            |          |                                     |                                     |
| (1) Basic                             |          | 0.48                                | 4.46                                |
| (2) Diluted                           |          | 0.48                                | 4.46                                |

Significant Accounting Policies and Notes to Accounts

1 to 30

The above notes are integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

**For K.S Aiyar & Co.**

Chartered Accountants

Registration No: 100186W

**Sachin Negandhi**

Partner

Membership No.112888

Place : Mumbai

Date : 24th May 2012.

**I.C.Jain**

Chairman

**Girish Jain**

Director

**Swadesh Agrawal**

Company Secretary

Place : Mumbai

Date : 24th May 2012.

## 24TH ANNUAL REPORT 2011-2012

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in 000)

|          | PARTICULARS   | For the<br>year ended<br>31.03.2012 | For the<br>year ended<br>31.03.2011 |
|----------|---|-------------------------------------|-------------------------------------|
| <b>A</b> | <b>Net Profit Before Tax and Extraordinary Items</b>        | <b>2,956</b>                        | <b>2,640</b>                        |
|          | Adjustment for:   |                                     |                                     |
|          | Depreciation  | 453                                 | 557                                 |
|          | (Profit)/Loss on Sale of Investments                        | (4,894)                             | -                                   |
|          | (Profit)/Loss on Sale of Assets                             | (105)                               | -                                   |
|          | Interest and Financial Charges                              | 631                                 | 2,043                               |
|          | Interest Income   | (255)                               | (3,123)                             |
|          | Dividend Income   | (323)                               | (328)                               |
|          | <b>Operating Profit Before Working Capital Changes</b>      | <b>(1,537)</b>                      | <b>1,789</b>                        |
|          | <b>Changes in Working Capital :</b>                         |                                     |                                     |
|          | (Increase)/Decrease in Trade and Other Receivable           | -                                   | 450                                 |
|          | (Increase)/Decrease in Short-term loans and advances        | 2,112                               | -                                   |
|          | (Increase)/Decrease in Other current and non current assets | 15                                  | -                                   |
|          | Increase/( Decrease) in Trade Payable and Other Liabilities | 702                                 | (11,175)                            |
|          | <b>(Increase)/ Decrease in Working Capital</b>              | <b>2,829</b>                        | <b>(10,725)</b>                     |
|          | <b>Cash generated from Operations</b>                       | <b>1,292</b>                        | <b>(8,936)</b>                      |
|          | Direct Taxes Paid (Net of Refund)                           | (187)                               | (850)                               |
|          | Earlier year Taxes  | (176)                               | -                                   |
|          | <b>Cash Flow Before Extraordinary Items</b>                 | <b>929</b>                          | <b>(9,786)</b>                      |
|          | Extraordinary Items   | -                                   | -                                   |
|          | <b>Net Cash flow from Operating Activities</b>              | <b>929</b>                          | <b>(9,786)</b>                      |
| <b>B</b> | <b>Cash Flow from Investment Activities</b>                 |                                     |                                     |
|          | Purchase of Fixed Assets                                    | -                                   | (51)                                |
|          | Sale of Fixed Assets  | 375                                 | -                                   |
|          | Sale of Investments   | 21,664                              | 9,702                               |
|          | Interest Income   | 255                                 | 3,123                               |
|          | Dividend Income   | 323                                 | 328                                 |
|          | <b>Net Cash Flow from Investing Activities</b>              | <b>22,617</b>                       | <b>13,102</b>                       |
| <b>C</b> | <b>Cash Flow From Financing Activities</b>                  |                                     |                                     |
|          | Loan Taken-Secured (Net of repayments)                      | 15,774                              | (7,122)                             |
|          | Loan Taken-Unsecured (Net of repayments)                    | -                                   | -                                   |
|          | Loans Repaid  | (46,500)                            | 9,039                               |
|          | Deposits  | -                                   | 7,313                               |
|          | Interest and Finance Charges                                | (631)                               | (2,043)                             |
|          | Dividend tax paid   | (165)                               | (165)                               |
|          | Dividend Paid   | (1,020)                             | (1,020)                             |
|          | <b>Net Cash Flow from Financing Activities</b>              | <b>(32,542)</b>                     | <b>6,002</b>                        |
|          | Net Increase in Cash and Cash Equivalents                   | (8,996)                             | 9,318                               |
|          | Cash and Cash Equivalents at the beginning of the Year *    | 10,414                              | 1,096                               |
|          | Cash and Cash Equivalents at the close of the Year *        | <b>1,418</b>                        | <b>10,414</b>                       |
| <b>*</b> | <b>Cash and Cash Equivalents comprise of :</b>              |                                     |                                     |
|          | Cash in hand  | 49                                  | 90                                  |
|          | Balance in current account                                  | 1,295                               | 10,250                              |
|          | Deposits with banks with more than 12 months maturity       | 74                                  | 74                                  |
|          | <b>Total</b>  | <b>1,418</b>                        | <b>10,414</b>                       |

Note:- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements specified in the Companies (Accounting Standards) Rules, 2006.

**For K.S Aiyar & Co.**  
Chartered Accountants  
Registration No: 100186W

**Sachin Negandhi**  
Partner  
Membership No.112888

Place : Mumbai  
Date : 24th May 2012.

For and on behalf of the Board of Directors

**I. C. Jain**                      **Girish Jain**                      **Swadesh Agrawal**  
Chairman                      Director                      Company Secretary

Place : Mumbai  
Date : 24th May 2012.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
MARCH 31, 2012**
**Company Overview:**

KJMC Financial Services Limited is a flagship company of the KJMC Group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in non banking financial operations without accepting public deposits and is regulated by the provisions of Reserve Bank of India Act, 1934.

**Note No. : 1**
**SIGNIFICANT ACCOUNTING POLICIES:**
**a. Basis of Accounting:**

The accounting financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 in material respect and to the extent applicable.

**b. Use of estimates**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made which affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialize.

**c. Investments**

- i) **Current Investments:** Current investments are valued at the lower of cost arrived on weighted average basis or fair value.
- ii) **Non Current Investments:** A provision is made for diminution other than temporary in nature. These are intended to be held for a period of more than one year from the date of the investment and are valued at cost. The cost is determined on weighted average method basis.

**d. Fixed Assets and Depreciation:**
**(i) Tangible Fixed Assets:**

Tangible Fixed Assets are stated at cost, net off accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost of capitalization and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided under the written down value method, at the rates and in the manner prescribed under Schedule VI of the Companies Act, 1956.

**(ii) Intangible Fixed Assets:**

Intangible Fixed Assets are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are recognized at cost less accumulated amortization. Intangible assets are amortized systematically on straight line basis over its useful life of 3 years.

**e. Taxation:**

Tax expense comprises of current and deferred tax. Current Income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961, enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates

and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**f. Revenue Recognition:**

Revenue from Professional fees & Consultancy charges, Income from Brokerage & interest on loans and Inter Corporate Deposits and lease rent are recognized as and when there is reasonable certainty of its ultimate realization and on completion of the assignment.

**Non Performing Assets:**

Income is not recognized in respect of Non Performing Assets, if any, as per guidelines for prudential norms prescribed by Reserve Bank of India. (RBI)

**Dividend:**

Dividend Income is recognized when the Company's right to receive is established by the reporting date.

**g. Foreign Currency Transactions:**

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transactions.

Foreign currency current assets and current liabilities outstanding at the year end are translated at the year end exchange rate and unrealized exchange gain or loss is recognized in the Statement of Profit and Loss.

Realized exchange gain/loss on foreign transactions during the year is recognized in the Statement of Profit and Loss.

**h. Derivative Transactions:**

In accordance with the ICAI announcement, derivatives contracts, other than foreign contracts covered under AS 11, are marked to market on a portfolio basis, and the loss if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit & Loss.

**i. Stock in Trade:**

Stocks of shares are valued at the lower of cost arrived on weighted average basis or fair value.

**j. Employee Benefits:**

- i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- ii) The company is exempted from Payment of Gratuity Act, 1972 in view of it's strength of employees being less than threshold limit attracting the applicability of the said statute and as such no provision has been made for the said liability.
- iii) Leave Encashment is not provided for on actuarial basis in view of the employees being less than 10 and the same is charged on actual basis.

**k. Provisions, Contingent Liabilities & Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**l. Earnings per Share:**

Basic Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the Weighted Average Number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the Weighted Average Number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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(₹ in '000')

| Particulars  | As at<br>31.03.2012 | As at<br>31.03.2011 |
|--|---------------------|---------------------|
| <b>Note 2 : Share Capital</b>  |                     |                     |
| <b>Authorised:</b>   |                     |                     |
| 35,000,000 (35,000,000) Equity Shares of ₹ 10/- each   | 350,000             | 350,000             |
| 1,500,000 (1,500,000) Redeemable Preference shares of ₹ 100/- each   | 150,000             | 150,000             |
| <b>Issued and Subscribed :</b>   |                     |                     |
| 3,135,740 (3,135,740) Equity Shares of ₹ 10/- each   | 31,357              | 31,357              |
| 85,000 (85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each  | 8,500               | 8,500               |
|  | <u>39,857</u>       | <u>39,857</u>       |
| <b>Paid up:</b>  |                     |                     |
| 3,135,740 (3,135,740) Equity Shares of ₹ 10/- each fully paid up   | 31,357              | 31,357              |
| 85,000 (85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up  | 8,500               | 8,500               |
| 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- redeemable after the expiry of one year but before expiry of 20 years from the date of allotment. |                     |                     |
|  | <u>39,857</u>       | <u>39,857</u>       |

### Reconciliation of Shares outstanding at the beginning and at the end of the year

| Particulars                                     | Equity Shares |        |               |        |
|---|---------------|--------|---------------|--------|
|   | 2011-12       |        | 2010-11       |        |
|   | No. of Shares | Amount | No. of Shares | Amount |
| Shares outstanding at the beginning of the year | 3,135,740     | 31,357 | 3,135,740     | 31,357 |
| Shares Issued during the year                   | -             | -      | -             | -      |
| Shares bought back during the year              | -             | -      | -             | -      |
| Shares outstanding at the end of the year       | 3,135,740     | 31,357 | 3,135,740     | 31,357 |

| Particulars                                     | Preference Shares |        |               |        |
|---|-------------------|--------|---------------|--------|
|   | 2011-12           |        | 2010-11       |        |
|   | No. of Shares     | Amount | No. of Shares | Amount |
| Shares outstanding at the beginning of the year | 85,000            | 8,500  | 85,000        | 8,500  |
| Shares Issued during the year                   | -                 | -      | -             | -      |
| Shares bought back during the year              | -                 | -      | -             | -      |
| Shares outstanding at the end of the year       | 85,000            | 8,500  | 85,000        | 8,500  |

| Name of Shareholder  | As at 31 March 2012 |                 | As at 31 March 2011 |                 |
|--|---------------------|-----------------|---------------------|-----------------|
|  | No. of Shares held  | %age of Holding | No. of Shares held  | %age of Holding |
| <b>Equity Shares (persons holding more than 5% of the share capital)</b>                                   |                     |                 |                     |                 |
| Inder Chand Jain   | 1,008,354           | 32.16%          | 1,008,354           | 32.16%          |
| I. C. Jain HUF   | 220,500             | 7.03%           | 220,500             | 7.03%           |
| <b>12% Non-Cumulative Redeemable Preference Shares (persons holding more than 5% of the share capital)</b> |                     |                 |                     |                 |
| KJMC Global Market (India) Limited   | 85,000              | 100.00%         | 85,000              | 100.00%         |

(₹ in '000')

| Particulars   | As at<br>31.03.2012 | As at<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Note 3 : Reserves and Surplus</b>  |                     |                     |
| <b>Securities Premium Account</b>   |                     |                     |
| As per last balance sheet   | 4,160               | 4,160               |
|   | <u>4,160</u>        | <u>4,160</u>        |
| <b>General Reserve :</b>  |                     |                     |
| As per last balance sheet   | 1,995               | 477                 |
| Add : Addition during the year  | 270                 | 1,518               |
| Less: Deduction during the year   | -                   | -                   |
|   | <u>2,265</u>        | <u>1,995</u>        |
| <b>Capital Redemption Reserve :</b>   |                     |                     |
| As per last balance sheet   | 49,900              | 49,900              |
|   | <u>49,900</u>       | <u>49,900</u>       |
| <b>Special Reserve</b>  |                     |                     |
| As per last balance sheet   | 5,720               | 2,683               |
| Add : Addition during the year  | 540                 | 3,037               |
| Less : Deduction during the year  | -                   | -                   |
|   | <u>6,260</u>        | <u>5,720</u>        |
| <b>Surplus/(Deficit) in the statement of profit and loss</b>  |                     |                     |
| Balance brought forward from last period / year   | 17,310              | 7,866               |
| Profit for the period   | 2,701               | 15,185              |
| <b>Amount available for appropriation</b>   | 20,011              | 23,051              |
| Less : Appropriations   |                     |                     |
| a) Proposed Preference Share Dividend   | 1,020               | 1,020               |
| b) Tax on Proposed Dividend   | 165                 | 165                 |
| c) Special Reserve *  | 540                 | 3,037               |
| d) General Reserve  | 270                 | 1,519               |
| Balance carried forward   | <u>18,016</u>       | <u>17,310</u>       |
| Total   | <u>80,601</u>       | <u>79,085</u>       |
| * Note: 20% of the Net Profit After Tax transferred to Special Reserve as required u/s 45 IC of RBI Guidelines, 1934. |                     |                     |
| <b>Note - 4: Other Long Term Liabilities</b>  |                     |                     |
| <b>Deposits (Unsecured)</b>   |                     |                     |
| on demand   | 50,500              | 97,000              |
|   | <u>50,500</u>       | <u>97,000</u>       |
| <b>Of the above amounts</b>   |                     |                     |
| Secured Borrowings  | -                   | -                   |
| Unsecured Borrowings  | 50,500              | 97,000              |
|   | <u>50,500</u>       | <u>97,000</u>       |



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(₹ in '000')

| Particulars  | As at<br>31.03.2012 | As at<br>31.03.2011 |
|--|---------------------|---------------------|
| <b>Note - 5: Short Term Borrowings</b>   |                     |                     |
| Cash credit from bank repayable on demand (Secured)<br>(Cash credit from bank is secured against equitable mortgage of premises belonging to the company and its associate company and Corporate Guarantee given by the associate company. The cash credit is repayable on demand and carries interest @ Base Rate + 4.25%.) | 25,010              | -                   |
| Loan from Non-Banking Financial Company (Secured)<br>Current Year Nil (Previous Year: Loans secured against pledge of shares bearing an interest rate of MIBOR + 4.50%, repayable on demand.)  | -                   | 9,236               |
|  | <b>25,010</b>       | <b>9,236</b>        |
| <b>The above amounts include</b>   |                     |                     |
| Secured  | 25,010              | 9,236               |
| Unsecured  | -                   | -                   |
|  | <b>25,010</b>       | <b>9,236</b>        |
| <b>Note - 6: Other Current Liabilities</b>   |                     |                     |
| TDS Payable  | 23                  | 31                  |
| Others   | 317                 | 151                 |
|  | <b>340</b>          | <b>182</b>          |
| <b>Note - 7: Short Term Provisions</b>   |                     |                     |
| Proposed Preference Share dividend   | 1,020               | 1,020               |
| Dividend Distribution Tax  | 165                 | 165                 |
| Provision for Income Tax   | 1,872               | 1,323               |
| Contingent provision against standard assets   | -                   | 6                   |
|  | <b>3,057</b>        | <b>2,514</b>        |

### Note -8: Fixed Assets

(₹ in '000')

| Description                     | Gross Block         |   |  |                     | Depreciation        |                                |  |                     | Net Block           |                     |
|---------------------------------|---------------------|---|--|---------------------|---------------------|--------------------------------|--|---------------------|---------------------|---------------------|
|                                 | As at<br>01.04.2011 | Additions/<br>Adjustments<br>during the<br>year | Sale/<br>Adjustments<br>during the<br>year | As at<br>31.03.2012 | AS at<br>01.04.2011 | Provided<br>during the<br>year | Deductions/<br>Adjustments<br>during the<br>year | AS at<br>31.03.2012 | AS at<br>31.03.2012 | AS at<br>31.03.2011 |
| <b>Fixed AssetsTangible</b>     |                     |   |  |                     |                     |                                |  |                     |                     |                     |
| Building                        | 10,849              | -   | -  | 10,849              | 6,072               | 239                            | -  | 6,311               | 4,538               | 4,777               |
| Computers                       | 10                  | -   | -  | 10                  | 9                   | 1                              | -  | 10                  | -                   | 1                   |
| Electric Fitting & Equipments   | 578                 | -   | -  | 578                 | 332                 | 34                             | -  | 366                 | 212                 | 246                 |
| Furniture & Fixtures            | 6,451               | -   | -  | 6,451               | 5,917               | 97                             | -  | 6,014               | 437                 | 534                 |
| Office Equipments               | 1,538               | -   | -  | 1,538               | 1,338               | 27                             | -  | 1,365               | 173                 | 200                 |
| Vehicles                        | 789                 | -   | 789  | -                   | 475                 | 43                             | 518  | -                   | -                   | 314                 |
| <b>Total (A)</b>                | <b>20,215</b>       | <b>-</b>  | <b>789</b>                                 | <b>19,426</b>       | <b>14,143</b>       | <b>441</b>                     | <b>518</b>                                       | <b>14,066</b>       | <b>5,360</b>        | <b>6,072</b>        |
| <b>Previous Year</b>            | <b>20,200</b>       | <b>15</b>                                       | <b>-</b>                                   | <b>20,215</b>       | <b>13,593</b>       | <b>551</b>                     | <b>-</b>   | <b>14,143</b>       | <b>6,072</b>        | <b>-</b>            |
| <b>Fixed Assets -Intangible</b> |                     |   |  |                     |                     |                                |  |                     |                     |                     |
| Computer Software               | 36                  | -   | -  | 36                  | 6                   | 12                             | -  | 18                  | 18                  | 30                  |
| <b>Total (B)</b>                | <b>36</b>           | <b>-</b>  | <b>-</b>                                   | <b>36</b>           | <b>6</b>            | <b>12</b>                      | <b>-</b>   | <b>18</b>           | <b>18</b>           | <b>30</b>           |
| <b>Previous Year</b>            | <b>-</b>            | <b>36</b>                                       | <b>-</b>                                   | <b>36</b>           | <b>-</b>            | <b>6</b>                       | <b>-</b>   | <b>6</b>            | <b>30</b>           | <b>-</b>            |
| <b>Total (A+B)</b>              | <b>20,251</b>       | <b>-</b>  | <b>789</b>                                 | <b>19,462</b>       | <b>14,149</b>       | <b>453</b>                     | <b>518</b>                                       | <b>14,084</b>       | <b>5,378</b>        | <b>6,102</b>        |
| <b>Previous Year</b>            | <b>20,200</b>       | <b>51</b>                                       | <b>-</b>                                   | <b>20,251</b>       | <b>13,593</b>       | <b>557</b>                     | <b>-</b>   | <b>14,149</b>       | <b>6,102</b>        | <b>-</b>            |

(₹ in '000')

| Sr No. | Particulars                                 | Face Value (₹) | As at 31.03.2012 |               | As at 31.03.2011 |               |
|--------|---|----------------|------------------|---------------|------------------|---------------|
|        |   |                | Qty (Nos)        | Amount        | Qty (Nos)        | Amount        |
|        | <b>Note - 9 : Non-Current Investments</b>   |                |                  |               |                  |               |
|        | <b>Non-Trade-Quoted</b>                     |                |                  |               |                  |               |
|        | <b>Investment in Equity Shares</b>          |                |                  |               |                  |               |
| 1      | Akzo Nobel India Limited                    | 10             | -                | -             | 700              | 619           |
| 2      | Bajaj Corp Limited                          | 1              | 29000            | 4,303         | 5800             | 4,303         |
| 3      | Coal India Limited                          | 10             | -                | -             | 11000            | 2,925         |
| 4      | Country Club (India) Limited                | 2              | 2967             | 63            | 20000            | 423           |
| 5      | DQ Entertainment (International) Limited    | 10             | 5741             | 732           | 5741             | 732           |
| 6      | Dredging Corporation of India Limited       | 10             | 1800             | 1,715         | 1800             | 1,715         |
| 7      | Everest Kanto Cylinder Limited              | 2              | 2000             | 344           | 2000             | 344           |
| 8      | Glenmark Pharmaceuticals Limited            | 1              | -                | -             | 1000             | 416           |
| 9      | HBL Power Systems Limited                   | 1              | 29750            | 1,149         | 29750            | 1,149         |
| 10     | Himachal Futuristics Communications Limited | 1              | 10000            | 425           | 10000            | 425           |
| 11     | Hindustan Copper Limited                    | 5              | 4                | 3             | 4                | 3             |
| 12     | Hotline Glass Limited                       | 10             | 37549            | -             | 37549            | -             |
| 13     | IDBI Bank Limited                           | 10             | 200              | 39            | 200              | 39            |
| 14     | ICICI Bank Limited                          | 10             | 1000             | 1,369         | 1000             | 1,369         |
| 15     | Indiabulls Real Estate Limited              | 2              | 2000             | 1,008         | 2000             | 1,443         |
| 16     | Indiabulls Wholesale Services Limited       | 2              | 250              | 14            | -                | -             |
| 17     | NHPC Limited.                               | 10             | 76963            | 3,422         | 76963            | 3,422         |
| 18     | Om Metals & Infraprojects Limited           | 1              | 5000             | 426           | 5000             | 426           |
| 19     | Poly Medicure Limited                       | 10             | 143509           | 40,338        |                  |               |
| 20     | Reliance Infrastructure Limited             | 10             | 1150             | 1,625         | 1150             | 1,625         |
| 21     | Reliance Industrial Infrastructure Limited  | 10             | 300              | 669           | 300              | 669           |
| 22     | Reliance Industries Limited                 | 10             | 418              | 634           | 418              | 634           |
| 23     | Shree Ram Mills Limited.                    | 10             | 5000             | 976           | 5000             | 976           |
| 24     | Shree Vindhya Paper Mills Limited           | 10             | 1                | -             | 1                | -             |
| 25     | Singer India Limited                        | 10             | 3400             | 247           | 3400             | 247           |
| 26     | Srei Infrastructure Finance Limited         | 10             | 16000            | 740           | 18000            | 833           |
| 27     | Uflex Limited.                              | 10             | -                | -             | 1000             | 112           |
| 28     | Vikas Wsp Limited                           | 1              | 4500             | 147           | 10500            | 346           |
| 29     | VST Industries Limited.                     | 10             | -                | -             | 700              | 357           |
|        | <b>Subtotal (i)</b>                         |                |                  | <b>60,388</b> |                  | <b>25,552</b> |

|   |   |    |            |                |            |                |
|---|---|----|------------|----------------|------------|----------------|
|   | <b>Non-Trade -Unquoted</b>                  |    |            |                |            |                |
|   | <b>Investment in Equity Shares</b>          |    |            |                |            |                |
| A | <b>In subsidiaries</b>                      |    |            |                |            |                |
| 1 | KJMC Asset Management Co.Limited            | 10 | 10,250,000 | 113,263        | 10,250,000 | 113,263        |
| 2 | KJMC Investment Trust Co.Limited            | 10 | 150,000    | 1,500          | 150,000    | 1,500          |
| B | <b>In Associates</b>                        |    |            |                |            |                |
| 1 | KJMC Capital Market Services Limited        | 10 | -          | -              | 5,000,000  | 50,000         |
| 2 | KJMC Commodities Market India Limited       | 10 | -          | -              | 202,500    | 2,025          |
| C | <b>In other companies</b>                   |    |            |                |            |                |
| 1 | Indiabulls Infrastructure and Power Limited | 2  | 5,900      | 420            | -          | -              |
| 2 | DR. Modi's Karjat Health Resort Limited     | 10 | 50,000     | 750            | 50,000     | 750            |
| 3 | Prime Pictures Limited                      | 10 | 25,000     | -              | 25,000     | -              |
|   | <b>Subtotal (ii)</b>                        |    |            | <b>115,933</b> |            | <b>167,538</b> |
|   | <b>TOTAL (i+ii)</b>                         |    |            | <b>176,321</b> |            | <b>193,090</b> |

|  |                |  |                |
|--|----------------|--|----------------|
| Aggregate amount of quoted Investment                      | <b>60,388</b>  |  | <b>25,552</b>  |
| Aggregate Market Value of quoted Investment                | <b>46,354</b>  |  | <b>16,064</b>  |
| Aggregate amount of unquoted Investment                    | <b>115,933</b> |  | <b>167,538</b> |
| Aggregate provision for diminution in value of investments | <b>NIL</b>     |  | <b>NIL</b>     |

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(₹ in '000')

| Particulars   | As at<br>31.03.2012 | As at<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Note - 10: Deferred Taxation</b>                         |                     |                     |
| <b>Deferred Tax Asset</b>                                   |                     |                     |
| Business Loss   | 2,100               | 2,124               |
| Unabsorbed Long Term Capital Loss                           | 11,467              | 11,467              |
|   | <u>13,567</u>       | <u>13,591</u>       |
| <b>Deferred Tax Liability</b>                               |                     |                     |
| Fixed Assets  | 936                 | 883                 |
|   | <u>936</u>          | <u>883</u>          |
| <b>Deferred tax Asset/(Liability)-Net</b>                   | <b>12,631</b>       | <b>12,708</b>       |
| <b>Note - 11: Long Term Loans and Advances</b>              |                     |                     |
| Secured, considered good                                    | -                   | -                   |
| Unsecured, considered good                                  | 289                 | 289                 |
| Doubtful  | -                   | -                   |
|   | <u>289</u>          | <u>289</u>          |
| <b>Note - 12: Other Non-current Assets</b>                  |                     |                     |
| <b>Long term Trade Receivables</b>                          |                     |                     |
| Secured, considered good                                    | -                   | -                   |
| Unsecured, considered good                                  | -                   | 5                   |
| Doubtful  | -                   | -                   |
|   | <u>-</u>            | <u>5</u>            |
| <b>Note - 13: Cash and Bank Balances</b>                    |                     |                     |
| Cash and Cash Equivalents                                   |                     |                     |
| Cash in Hand  | 49                  | 90                  |
| Balance with Banks  |                     |                     |
| - In Current Accounts                                       | 1,295               | 10,250              |
|   | <u>1,344</u>        | <u>10,340</u>       |
| Other Bank Balances   |                     |                     |
| - In Deposit Accounts with<br>more than 12 months' maturity | 74                  | 74                  |
|   | <u>1,418</u>        | <u>10,414</u>       |
| <b>Note - 14: Short Term Loans and Advances</b>             |                     |                     |
| <b>Others</b>   |                     |                     |
| Loans and advances to employees                             | 4                   | -                   |
| Advance Income Tax  | 2,057               | 1,982               |
| TDS Receivable  | 112                 | -                   |
| MAT credit Entitlement                                      | 1,060               | 686                 |
| Prepaid Expenses  | 62                  | 2,554               |
|   | <u>3,295</u>        | <u>5,222</u>        |
| <b>Note - 15: Other Current Assets</b>                      |                     |                     |
| <b>Unsecured</b>  |                     |                     |
| Others  |                     |                     |
| - Dividend receivable on non<br>current investments         | 3                   | 44                  |
| - Others  | 30                  | -                   |
|   | <u>33</u>           | <u>44</u>           |

(₹ in '000')

| Particulars   | For the<br>year ended<br>31.03.2012 | For the<br>year ended<br>31.03.2011 |
|---|-------------------------------------|-------------------------------------|
| <b>Note -16: Income from Operations</b>                                     |                                     |                                     |
| Interest Income   | 255                                 | 3,123                               |
| Professional Fees Income  | 135                                 | -                                   |
| Profit on Sale of Investments   | 4,894                               | 6,417                               |
|   | <u>5,284</u>                        | <u>9,540</u>                        |
| <b>Note 17 - Other Income</b>   |                                     |                                     |
| Dividend Income   |                                     |                                     |
| - Dividend from long term investment  | 323                                 | 328                                 |
| Profit on Sale of Assets  | 105                                 | -                                   |
| Miscellaneous Income  | 766                                 | 812                                 |
|   | <u>1,194</u>                        | <u>1,140</u>                        |
| <b>Note 18 - Employee Benefit Expense</b>                                   |                                     |                                     |
| Salaries and wages  | 1,166                               | 940                                 |
| Contribution / provisions to and for<br>provident, Gratuity and other funds | 9                                   | 12                                  |
| Staff welfare expenses  | 32                                  | 54                                  |
|   | <u>1,207</u>                        | <u>1,006</u>                        |
| <b>Note 19- Finance costs</b>   |                                     |                                     |
| Interest Expenses   | 556                                 | 1,952                               |
| Bank Charges  | 75                                  | 91                                  |
|   | <u>631</u>                          | <u>2,043</u>                        |
| <b>Note 20 - Other expenses</b>   |                                     |                                     |
| Advertisement   | 104                                 | 119                                 |
| Auditors Remuneration   | 92                                  | 67                                  |
| (for break up refer below)  |                                     |                                     |
| Bad Debts   | -                                   | 529                                 |
| Diwali Expenses   | -                                   | 132                                 |
| Infrastructural Support service Expenses                                    | 214                                 | -                                   |
| Legal Expenses  | 16                                  | 102                                 |
| Professional & Consultancy Fees Paid  | 285                                 | 498                                 |
| Miscellaneous Expenses  | 520                                 | 741                                 |
|   | <u>1,231</u>                        | <u>2,188</u>                        |
| As auditor  |                                     |                                     |
| As Statutory Auditor  | 30                                  | 33                                  |
| For Taxation matters  | 10                                  | 10                                  |
| For Limited Review  | 38                                  | -                                   |
| In other capacity   |                                     |                                     |
| Company Law matters   | -                                   | 18                                  |
| Management Services   | 5                                   | -                                   |
| For reimbursement of expenses/Service Tax                                   | 9                                   | 6                                   |
|   | <u>92</u>                           | <u>67</u>                           |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**
**NOTES FORMING PART OF ACCOUNTS**
**(Note Nos : 21 to 30 )**

21. Contingent Liabilities not provided for in respect of:

Corporate Guarantees given to:

(₹ In '000)

- i) HDFC Bank ₹ Nil (₹30,000 )
  - ii) Corporation Bank ₹ Nil (₹20,000 )
- In respect of KJMC Capital Market Services Limited.

22. Disclosure required by Micro, Small and Medium Enterprises (Development) Act, 2006.

As per requirement of Section 22 of Micro, Small & Medium Enterprises Development Act, 2006 following information is disclosed:

(₹ in 000's)

| Sr. No | Particulars  | March 31, 2012 | March 31, 2011 |
|--------|--|----------------|----------------|
| (i)    | Principal amount remaining unpaid to any supplier as at the end of each accounting year.                       | Nil            | Nil            |
| (ii)   | Interest due on (i) above remaining unpaid   | Nil            | Nil            |
| (iii)  | Amounts paid beyond the appointed day during the accounting year   | Nil            | Nil            |
| (iv)   | Interest paid on (iii) above   | Nil            | Nil            |
| (v)    | Interest due and payable on (iii) above  | Nil            | Nil            |
| (vi)   | Interest accrued and remaining unpaid at the end of the accounting year  | Nil            | Nil            |
| (vii)  | Interest remaining unpaid of the previous years for the purpose of disallowance under the Income Tax Act, 1961 | Nil            | Nil            |

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

23. Provision for Income Tax has been made in accordance with section 115JB of Income Tax Act, 1961. However, Management expects that it would be in a position to pay normal tax within the period specified under the Income Tax Act, 1961 and hence MAT Credit has been recognized.

24. Earnings in Foreign Currency - ₹ Nil ( ₹ Nil).

Expenditure in Foreign Currency – ₹ Nil ( ₹ Nil).

25. Managerial remuneration included in the Profit & Loss Account - ₹ Nil ( ₹ Nil)

26. Earnings Per Share:

| Particulars  | For the Year ended<br>31.03.2012 | For the Year ended<br>31.03.2011 |
|--|----------------------------------|----------------------------------|
| Net Profit / (Loss) after Taxation(₹ in '000')         | 2,701                            | 15,185                           |
| Less : Preference Dividend and Tax thereon(₹ in '000') | 1,185                            | 1,185                            |
| Net Profit/(Loss) for calculation of EPS               | 1,516                            | 14,000                           |
| The weighted average Number of Equity Share (Nos.)     | 3,135,740                        | 3,135,740                        |
| Face Value ( ₹ )                                       | 10                               | 10                               |
| Earnings Per Share (Basic)                             | 0.48                             | 4.46                             |
| Earnings Per Share (Diluted)                           | 0.48                             | 4.46                             |

**27. Related party disclosures under Accounting Standard 18**
**List of related parties**
**1) Parties where control exists**

- a) **Wholly owned subsidiary Companies**  
KJMC Asset Management Company Limited  
KJMC Investment Trust Company Limited

**2) Other parties**

- a) **Key Management Personnel**  
Girish Jain
- b) **Relatives of Key Management Personnel.**  
Inderchand Jain - Father  
Chanddevi Jain - Mother  
Rajnish Jain - Brother  
Aditi Jain - Wife

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**c) Enterprises over which key management personnel/relatives are able to exercise significant influence :**

KJMC Global Market (India) Limited  
KJMC Shares and Securities Limited  
KJMC Capital Market Services Limited  
KJMC Credit Marketing Limited  
KJMC Commodities Market India Limited  
KJMC Technologies & Systems Limited  
Puja Impex Private Limited  
Prathamesh Enterprises Private Limited  
KJMC Platinum Builders Private Limited  
KJMC Silver Properties Private Limited

**Related Parties Transactions : -**

(₹ in '000)

| Sr. No. | Nature of Transactions with related parties  | Party where control exists |            | Associates |            | Enterprises over which key management personnel/relatives are able to exercise significant influence |                        |
|---------|--|----------------------------|------------|------------|------------|--|------------------------|
|         |  | 31.03.2012                 | 31.03.2011 | 31.03.2012 | 31.03.2011 | 31.03.2012   | 31.03.2011             |
| 1       | <b>Services Received during the year</b><br>KJMC Capital Market Services Ltd   |                            |            |            |            | 123,308  |                        |
| 2       | <b>Loan and Advance Received</b><br>Puja Impex Pvt Ltd<br>KJMC Asset Management Company Ltd<br>KJMC Credit Marketing Ltd   |                            | 10,000     |            |            |  | 10,450<br>7,500        |
| 3       | <b>Loans and Advances Repaid</b><br>KJMC Capital Market Services Ltd<br>KJMC Asset Management Company Ltd<br>KJMC shares & Securities Ltd<br>KJMC Global Market (India) Ltd<br>KJMC Credit Marketing Ltd | 36,500                     |            |            | 13,500     | 123,279  | 19,600<br>750<br>1,020 |
| 4       | <b>Interest Income</b><br>KJMC Capital Market Services Ltd   |                            |            |            |            | 212  |                        |
| 5       | <b>Deposit Repaid</b><br>KJMC Shares & Securities Ltd  |                            |            |            |            | 10,000   |                        |
| 6       | <b>Deposit Received</b><br>KJMC Capital Market Services Ltd  |                            |            |            | 12,000     |  |                        |
| 7       | <b>Rent Income</b><br>KJMC Capital Market Services Ltd   |                            |            |            |            | 760  |                        |
| 8       | <b>Professional fees received</b><br>KJMC Shares & Securities Ltd  |                            |            |            |            | 135  |                        |
| 9       | <b>Reimbursement of Expenses received</b><br>KJMC Capital Market Services Ltd<br>KJMC Global Market (India) Ltd  |                            |            |            |            | 87<br>146  |                        |
| 10      | <b>Reimbursement of Expenses Paid</b><br>KJMC Asset Management Company Ltd<br>KJMC Credit Market Ltd<br>KJMC Global Market (India) Ltd   | 7                          |            |            |            | 2<br>248   |                        |
| 11      | <b>Purchase / (Sale) of Investment in shares</b><br>KJMC Global Market (India) Ltd<br>Puja Impex Pvt Ltd   |                            |            |            |            | (55,020)<br>417  |                        |
| 12      | <b>Net Receivables</b><br>KJMC Capital Market Services Ltd   |                            |            |            |            | 29   |                        |
| 13      | <b>Net Payables</b><br>KJMC Capital Market Services Ltd<br>KJMC Asset Management Company Ltd<br>KJMC Shares & Securities Ltd   | 38,500                     | 75,000     |            | 12,000     | 12,000   | 10,000                 |

KJMC Capital Market Services Limited and KJMC Commodities Market India Limited are classified as "Associates" for the year 2010-2011 in respect of related party transactions

28. Schedule to the Balance Sheet of a non-deposit taking non-banking financial company [as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

(₹ in '000')

| (₹ in 000's)  |                           |                |
|---|---------------------------|----------------|
| Particulars   | Amount outstanding        | Amount overdue |
| <b>Liabilities side :</b>   |                           |                |
| <b>1 Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b> |                           |                |
| (a) Debentures : Secured  | -                         | -              |
| Unsecured -   | -                         | -              |
| (other than falling within the meaning of public deposits   | -                         | -              |
| (b) Deferred Credits  | -                         | -              |
| (c) Term Loans  | -                         | -              |
| (d) Inter-corporate loans and borrowing   | -                         | -              |
| (e) Commercial Paper  | -                         | -              |
| (f) Other Loans (specify nature)  | -                         | -              |
| Secured Loans against office premises   | 25,010                    | -              |
| <b>Asset Side :</b>   | <b>Amount outstanding</b> |                |
| <b>2 Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>                |                           |                |
| (a) Secured   | -                         | -              |
| (b) Unsecured   | 3,584                     | -              |
| <b>3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>                         |                           |                |
| (i) Lease assets including lease rentals under sundry debtors :   |                           |                |
| (a) Financial lease   |                           |                |
| (b) Operating lease   |                           |                |
| (ii) Stock on hire including hire charges under sundry debtors:   |                           |                |
| (a) Assets on hire  |                           |                |
| (b) Repossessed Assets  |                           |                |
| (iii) Other loans counting towards AFC activities   |                           |                |
| (a) Loans where assets have been repossessed  |                           |                |
| (b) Loans other than (a) above  |                           |                |

**Break-up of Investments :** (₹ in '000')

**Current Investments :**

|                             |   |
|-----------------------------|---|
| <b>1. Quoted :</b>          | - |
| (i) Shares : (a) Equity     | - |
| (b) Preference              | - |
| (ii) Debentures and Bonds   | - |
| (iii) Units of mutual funds | - |
| (iv) Government Securities  | - |
| (v) Others (please specify) | - |
| <b>2. Un Quoted :</b>       | - |
| (i) Shares : (a) Equity     | - |
| (b) Preference              | - |
| (ii) Debentures and Bonds   | - |
| (iii) Units of mutual funds | - |
| (iv) Government Securities  | - |
| (v) Others (please specify) | - |

**Long Term Investments :**

|                             |          |
|-----------------------------|----------|
| <b>1. Quoted :</b>          | -        |
| (i) Shares : (a) Equity     | 60,388   |
| (b) Preference              | -        |
| (ii) Debentures and Bonds   | -        |
| (iii) Units of mutual funds | -        |
| (iv) Government Securities  | -        |
| (v) Others (please specify) | -        |
| <b>2. Un Quoted :</b>       | -        |
| (i) Shares : (a) Equity     | 1,15,933 |
| (b) Preference              | -        |
| (ii) Debentures and Bonds   | -        |
| (iii) Units of mutual funds | -        |
| (iv) Government Securities  | -        |
| (v) Others (please specify) | -        |

| <b>Borrower group-wise classification of assets financed as in (2) and (3) above:</b> |                                 | Amount Net of Provision |           |       |
|---|---------------------------------|-------------------------|-----------|-------|
|   | Category                        | Secured                 | Unsecured | Total |
| 1.  | Related Parties                 | -                       | -         | -     |
|   | (a) Subsidiaries                | -                       | -         | -     |
|   | (b) Companies in the same group | -                       | -         | -     |
|   | (c) Other related parties       | -                       | -         | -     |
| 2.  | Other than related parties      | -                       | -         | -     |
| <b>Total</b>  |                                 | -                       | -         | -     |

| Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted): |                                 | Market Value / Breakup or fair value or NAV | Book Value (Net of Provisions) |
|--|---------------------------------|---|--------------------------------|
| 1.   | Related Parties                 |   |                                |
|  | (a) Subsidiaries                | 1,14,763                                    | 1,14,763                       |
|  | (b) Companies in the same group | -   | -                              |
|  | (c) Other related parties       | -   | -                              |
| 2.   | Other than related parties      | 47,524                                      | 61,558                         |
| <b>Total</b>   |                                 | 1,62,287                                    | 1,76,321                       |

**Other information**

| Particulars                             | Amount |
|---|--------|
| <b>Gross Non-Performing Assets</b>      |        |
| (a) Related parties                     | -      |
| (b) Other than related parties          | -      |
| <b>Non-Performing Assets</b>            |        |
| (a) Related parties                     | -      |
| (b) Other than related parties          | -      |
| Assets acquired in satisfaction of debt | -      |

29. The management has identified the Company's operations with a single business segment of non banking financial operations in India. All the assets of the Company are located in India.

30. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable and shown in brackets.

As per our report of even date attached

**For K.S. Aiyar & Co.** For and on behalf of Board of Directors  
Chartered Accountants.  
Registration No. 100186W

**Sachin Negandhi** **I. C. Jain** **Girish Jain** **Swadesh Agrawal**  
Partner Chairman Director Company Secretary  
Membership No. 112888

Place: Mumbai Place: Mumbai  
Dated: 24th May, 2012 Dated: 24th May, 2012

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### Statement pursuant to Section 212(3) of the Companies Act, 1956 relating to Subsidiary Companies

| Sr. No. | Particulars   | KJMC Asset Management Company Limited                  | KJMC Investment Trust Company Limited                |
|---------|---|--|--|
| 1.      | Financial Period of the subsidiary ended on   | 31.03.2012   | 31.03.2012   |
| 2.      | Holding Company's Interest  |  |  |
|         | - No. of Equity Shares  | 1,02,50,000 Equity Shares of ₹ 10/- each fully paid up | 1, 50,000 Equity Shares of ₹ 10/- each fully paid up |
|         | - Extent of Holding   | 100%   | 100%   |
| 3.      | The net aggregate amount of subsidiary profits / losses so far as it concerns the members of the holding company not dealt in with in the Holding Company's Account (₹ in '000) |  |  |
|         | i) For the Current Financial Profit / (Loss)  | (283)  | 44   |
|         | ii) For the Previous Financial Year since it became subsidiary  | (954)  | (45)   |
| 4.      | The net aggregate amount of Profits / losses of the subsidiary which has been dealt with in the accounts of the Holding Company (₹ in '000)                                     |  |  |
|         | i) For the Current Financial Period Profit / (Loss)   | -  | -  |
|         | ii) For the previous Financial Year since it became subsidiary  | -  | -  |

The provisions of Section 212(5) of the Companies Act, 1956 are not applicable as the financial year of the subsidiary company coincides with that of the Company.

For and on behalf of the Board of Directors

**I. C. Jain**  
Director

**Girish Jain**  
Director

**Swadesh Agrawal**  
Company Secretary

### Financial information of the subsidiary companies for the year ended 31st March, 2012 under section 212(8) of the Companies Act, 1956

(₹ in '000')

| Particulars  | Name of Subsidiary Companies          |                                       |
|--|---------------------------------------|---------------------------------------|
|  | KJMC Asset Management Company Limited | KJMC Investment Trust Company Limited |
| Paid up capital  | 102500                                | 1500                                  |
| Reserves   | (1030)                                | (271)                                 |
| Total Assets including investments                     | 101518                                | 1487                                  |
| Investments  | 36500                                 | -                                     |
| Total Liabilities (excluding paidup capital & reserve) | 48                                    | 258                                   |
| Turnover   | 274                                   | 101                                   |
| Profit/(Loss) before Tax                               | (283)                                 | 44                                    |
| Provision for taxation                                 | -                                     | -                                     |
| Profit/ (loss) after Tax                               | (283)                                 | 44                                    |
| Dividend Proposed                                      | -                                     | -                                     |



## KJMC FINANCIAL SERVICES LIMITED

### AUDITORS' REPORT

#### AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF KJMC FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of KJMC FINANCIAL SERVICES LIMITED and its subsidiaries (the KJMC Financial Group). as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of KJMC FINANCIAL SERVICES LIMITED's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management. as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect the Group's total assets of ₹1,01,518 (thousands). Company's share in Revenue of ₹274 (thousands), share of loss of ₹ 283 (Thousands) and Cash Inflows of ₹ 1,204 (Thousands) for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management of the Group, and our opinion is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by KJMC FINANCIAL SERVICES LIMITED'S Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and Accounting Standard (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the KJMC FINANCIAL Group included in the Consolidated Financial Statements.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of information and according the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in case of the Consolidated Balance Sheet, of the state of affairs of the KJMC FINANCIAL Group as at March 31, 2012;
  - (ii) in case of the Consolidated Statement of Profit and Loss, of the profit of the KJMC FINANCIAL Group, for the year then ended; and
  - (iii) in case of the Consolidated Cash Flow Statement, of the cash flows of the KJMC FINANCIAL Group for the year then ended.

**For K. S. Aiyar & Co,**  
*Chartered Accountants*  
Registration No: 100186W

**Sachin A. Negandhi**  
*Partner*  
Membership No.: 112888

Place: Mumbai  
Date: May 24, 2012



## 24TH ANNUAL REPORT 2011-2012

### CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(₹ in '000')

| PARTICULARS                       | NOTE NO. | As At<br>31.03.2012 | As At<br>31.03.2011 |
|-----------------------------------|----------|---------------------|---------------------|
| <b>(I) EQUITY AND LIABILITIES</b> |          |                     |                     |
| <b>Shareholders' Funds</b>        |          |                     |                     |
| (a) Share capital                 | 2        | 39,857              | 39,857              |
| (b) Reserves and surplus          | 3        | 79,300              | 78,023              |
| <b>Non-Current Liabilities</b>    |          |                     |                     |
| (a) Other long-term liabilities   | 4        | 12,247              | 97,247              |
| (b) Long-term provisions          | 5        | -                   | 6                   |
| <b>Current Liabilities</b>        |          |                     |                     |
| (a) Short-term borrowings         | 6        | 25,010              | 9,237               |
| (b) Trade payables                | 7        | 11                  | 79                  |
| (c) Other current liabilities     | 8        | 388                 | 138                 |
| (d) Short-term provisions         | 9        | 3,057               | 2,507               |
| <b>TOTAL</b>                      |          | <b>159,870</b>      | <b>227,094</b>      |
| <b>(II) ASSETS</b>                |          |                     |                     |
| <b>Non-Current Assets</b>         |          |                     |                     |
| (a) Fixed assets                  | 10       |                     |                     |
| (i) Tangible assets               |          | 5,404               | 6,072               |
| (ii) Intangible assets            |          | 18                  | 30                  |
| (iii) Goodwill on consolidation   |          | 10,762              | 10,762              |
| (b) Non-current investments       | 11       | 61,558              | 78,327              |
| (c) Deferred tax assets (net)     | 12       | 12,631              | 12,709              |
| (d) Long-term loans and advances  | 13       | 25,289              | 100,000             |
| (e) Other non-current assets      | 14       | -                   | 5                   |
| <b>Current Assets</b>             |          |                     |                     |
| (a) Current investments           | 15       | 36,500              | 2,904               |
| (b) Cash and bank balances        | 16       | 4,292               | 10,696              |
| (c) Short-term loans and advances | 17       | 3,342               | 5,589               |
| (d) Other current assets          | 18       | 74                  | -                   |
| <b>TOTAL</b>                      |          | <b>159,870</b>      | <b>227,094</b>      |

Significant Accounting Policies and Notes to Accounts 1 to 30

The above notes are integral part of the financial statements

As per our report of even  
date attached  
**For K.S Aiyar & Co.**  
Chartered Accountants  
Registration No: 100186W

**Sachin Negandhi**  
Partner  
Membership No.112888

Place : Mumbai  
Date : 24th May 2012.

For and on behalf of the  
Board of Directors

**I.C.Jain Girish Jain Swadesh Agrawal**  
Chairman Director Company Secretary

Place : Mumbai  
Date : 24th May 2012.

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ n'000')

| PARTICULARS                           | NOTE NO. | FOR THE<br>YEAR ENDED<br>31.03.2012 | FOR THE<br>YEAR ENDED<br>31.03.2011 |
|---------------------------------------|----------|-------------------------------------|-------------------------------------|
| Revenue from operations               | 19       | 5,284                               | 9,540                               |
| Other income                          | 20       | 1,570                               | 1,325                               |
| <b>Total Revenue</b>                  |          | <b>6,854</b>                        | <b>10,865</b>                       |
| <b>Expenses:</b>                      |          |                                     |                                     |
| Employee benefits expense             | 21       | 1,424                               | 1,716                               |
| Finance costs                         | 22       | 632                                 | 2,043                               |
| Other expenses                        | 23       | 1,622                               | 2,643                               |
| Depreciation and amortization expense | 10       | 459                                 | 557                                 |
| <b>Total Expenses</b>                 |          | <b>4,137</b>                        | <b>6,959</b>                        |
| <b>Profit before tax</b>              |          | <b>2,717</b>                        | <b>3,906</b>                        |
| <b>Tax Expense:</b>                   |          |                                     |                                     |
| (1) Current tax                       |          | 550                                 | 850                                 |
| (2) Deferred tax                      |          | 79                                  | (12,709)                            |
| (3) MAT credit entitlement            |          | (550)                               | (669)                               |
| (4) Prior period taxes                |          | 176                                 | 2,246                               |
| <b>Profit/(Loss) for the period</b>   |          | <b>2,462</b>                        | <b>14,188</b>                       |
| <b>Earnings per equity share:</b>     |          |                                     |                                     |
| (1) Basic                             |          | 0.41                                | 4.16                                |
| (2) Diluted                           |          | 0.41                                | 4.16                                |

Significant Accounting Policies and Notes to Accounts 1 to 30

The above notes are integral part of the financial statements

As per our report of even  
date attached  
**For K.S Aiyar & Co.**  
Chartered Accountants  
Registration No: 100186W

**Sachin Negandhi**  
Partner  
Membership No.112888

Place : Mumbai  
Date : 24th May 2012.

For and on behalf of the  
Board of Directors

**I.C.Jain Girish Jain Swadesh Agrawal**  
Chairman Director Company Secretary

Place : Mumbai  
Date : 24th May 2012.



## KJMC FINANCIAL SERVICES LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ in '000')

| Particulars   | For the year ended 31.03.2012 | For the year ended 31.03.2011 |
|---|-------------------------------|-------------------------------|
| <b>Cash Flow from Operating Activities</b>                  |                               |                               |
| Net Profit Before Tax and Extraordinary Items               | 2,717                         | 1,660                         |
| Adjustment for:   |                               |                               |
| Prior Period Items  | -                             | (18)                          |
| Depreciation  | 459                           | 557                           |
| (Profit)/Loss on Sale of Investments                        | (4,933)                       | -                             |
| (Profit)/Loss on Sale of Assets                             | (105)                         | -                             |
| Interest and Financial Charges                              | 631                           | 2,069                         |
| Interest Income   | (360)                         | (3,187)                       |
| Dividend Income   | (454)                         | (451)                         |
| <b>Operating Profit Before Working Capital Changes</b>      | <b>(2,045)</b>                | <b>630</b>                    |
| <b>Changes in Working Capital</b>                           |                               |                               |
| (Increase)/ Decrease in Trade and other receivables         | (17)                          | 450                           |
| (Increase)/ Decrease in Short-term loans and advances       | 2,101                         | -                             |
| (Increase)/ Decrease in Other current assets                | (8)                           | -                             |
| Increase/ (Decrease) in Trade payable and other liabilities | 16,498                        | (11,222)                      |
| <b>(Increase)/ Decrease in Net Current Assets</b>           | <b>18,574</b>                 | <b>(10,772)</b>               |
| <b>Cash generated from Operations</b>                       | <b>16,529</b>                 | <b>(10,142)</b>               |
| Direct taxes paid (Net of refund)                           | (187)                         | (850)                         |
| Earlier year taxes  | (176)                         | -                             |
| <b>Cash Flow Before Extraordinary Items</b>                 | <b>16,166</b>                 | <b>(10,992)</b>               |
| Extraordinary Items   | -                             | -                             |
| <b>Net Cash flow from Operating Activities</b>              | <b>16,166</b>                 | <b>(10,992)</b>               |
| <b>Cash Flow from Investment Activities</b>                 |                               |                               |
| Purchase of Investment                                      | (34,916)                      | -                             |
| Sale of investment  | 23,024                        | 18,329                        |
| Purchase of Fixed Assets                                    | (51)                          | (51)                          |
| Sale of Fixed Assets  | 375                           | -                             |
| Interest Income   | 360                           | 3,187                         |
| Dividend Income   | 454                           | 451                           |
| <b>Net Cash Flow from Investing Activities</b>              | <b>(10,754)</b>               | <b>21,916</b>                 |
| <b>Cash Flow From Financing Activities</b>                  |                               |                               |
| Loan taken-Secured (Net of repayments)                      | -                             | (7,121)                       |
| Loans Given   | (10,000)                      | 95,041                        |
| Deposits  | -                             | (92,687)                      |
| Interest and Finance Charges                                | (631)                         | (2,069)                       |
| Dividend tax paid   | (165)                         | (165)                         |
| Dividend Paid   | (1,020)                       | (1,020)                       |
| <b>Net Cash Flow from Financing Activities</b>              | <b>(11,816)</b>               | <b>(8,021)</b>                |
| Net Increase in Cash and Cash Equivalents                   | (6,404)                       | 2,903                         |
| Cash and Cash Equivalents at the beginning of the Year *    | 10,696                        | 7,793                         |
| <b>Cash and Cash Equivalents at the close of the Year *</b> | <b>4,292</b>                  | <b>10,696</b>                 |
| <b>* Cash and Cash Equivalents comprise of :</b>            |                               |                               |
| Cash in hand  | 57                            | 98                            |
| Balance in current account                                  | 1,561                         | 10,524                        |
| Deposits with banks with more than 12 months maturity       | 2,674                         | 74                            |
| <b>Total</b>  | <b>4,292</b>                  | <b>10,696</b>                 |

Note:-

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

**For K.S Aiyar & Co.**  
Chartered Accountants  
Registration No: 100186W

For and on behalf of the Board of Directors

**Sachin Negandhi**  
Partner  
Membership No.112888

**I.C.Jain** **Girish Jain** **Swadesh Agrawal**  
Chairman Director Company Secretary

Place : Mumbai  
Date : 24th May 2012.

Place : Mumbai  
Date : 24th May 2012.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 31 2012.

#### Company Overview:

KJMC Financial Services Limited is a flagship company of the KJMC Group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in non banking financial operations without accepting public deposits and is regulated by the provisions of Reserve Bank of India Act, 1934.

#### Note No.: 1

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Basis of Preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments stated at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Reserve Bank of India (RBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 (Consolidated Financial Statements).

##### 1.2 Principle of Consolidation

The consolidated financial statements have been prepared based on a line-by-line consolidation of the Financial Statement of KJMC Financial Services Limited and its subsidiaries KJMC Assets Management Company Limited and KJMC Investment Trust Company Limited. The effect of intercompany transactions and balances are eliminated in consolidation.

##### 1.3 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect reported amounts of assets and liabilities on the date financial statements and the reported amounts of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

##### 1.4 Investments

**Current Investments:** Current investments are valued at the lower of cost arrived on weighted average basis or fair value.

**Non Current Investments:** A provision is made for diminution other than temporary in nature. These are intended to be held for a period of more than one year from the date of the investment and are valued at cost. The cost is determined on weighted average method basis.

##### 1.5 Fixed Assets and Depreciation

###### (i) Tangible Fixed Assets:

Tangible Fixed Assets are stated at cost, net off accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost of capitalization and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided under the written down value method, at the rates and in the manner prescribed under Schedule VI of the Companies Act, 1956.

###### (ii) Intangible Fixed Assets:

Intangible Fixed Assets are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are recognized at cost less accumulated amortization. Intangible assets are amortized systematically on straight line basis over its useful life of 3 years.

##### 1.6 Taxation

Tax expense comprises of current and deferred tax. Current Income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961, enacted in India and tax

## 24TH ANNUAL REPORT 2011-2012

laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### 1.7 Revenue Recognition:

Revenue from Professional fees & Consultancy charges, Income from Brokerage & interest on loans and Inter Corporate Deposits and lease rent are recognized as and when there is reasonable certainty of its ultimate realization and on completion of the assignment.

#### Non Performing Assets

Income is not recognized in respect of Non Performing Assets, if any, as per prudential norms prescribed by Reserve bank of India. (RBI)

#### Dividend:

Dividend Income is recognized when the Company's right to receive is established by the reporting date.

### 1.8 Foreign Currency Transactions

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transactions.

Foreign currency current assets and current liabilities outstanding at the year end are translated at the year end exchange rate and unrealized exchange gain or loss is recognized in the Statement of Profit and Loss.

Realized exchange gain/loss on foreign transactions during the year is recognized in the Statement of Profit and Loss.

### 1.9 Derivative Transactions:

In accordance with the ICAI announcement, derivatives contract, other than foreign contracts covered under AS 11, are marked to market on a portfolio basis, and the loss if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit & Loss.

### 1.10 Stock in Trade:

Stocks of shares are valued at the lower of cost arrived on weighted average basis or fair value.

### 1.11 Employee Benefits:

- i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- ii) The company is exempted from Payment of Gratuity Act, 1972 in view of its strength of employees being less than threshold limit attracting the applicability of the said statute and as such no provision has been made for the said liability.
- iii) Leave Encashment is not provided for on actuarial basis in view of the employees being less than 10 and the same is charged on actual basis.

### 1.12 Provisions, Contingent Liabilities & Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### 1.13 Earnings per Share:

Basic Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(₹ in '000')

| Particulars  | As At<br>31.03.2012 | As At<br>31.03.2011 |
|--|---------------------|---------------------|
| <b>Note 2 : Share Capital</b>  |                     |                     |
| <b>Authorised:</b>   |                     |                     |
| Amount of Shares:  |                     |                     |
| 35,000,000 (35,000,000) Equity Shares of ₹ 10/- each   | 350,000             | 350,000             |
| 1,500,000 (1,500,000) Redeemable Preference shares of ₹ 100/- each   | 150,000             | 150,000             |
| <b>Issued and Subscribed :</b>   |                     |                     |
| 3,135,740 (3,135,740) Equity Shares of ₹ 10/- each   | 31,357              | 31,357              |
| 85,000 (85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each  | 8,500               | 8,500               |
|  | <u>39,857</u>       | <u>39,857</u>       |
| <b>Paid up:</b>  |                     |                     |
| 3,135,740 (3,135,740) Equity Shares of ₹ 10/- each fully paid up   | 31,357              | 31,357              |
| 85,000(85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up redeemable after the expiry of one year but before expiry of 20 years from the date of allotment. | 8,500               | 8,500               |
|  | <u>39,857</u>       | <u>39,857</u>       |

### Reconciliation of Shares outstanding at the beginning and at the end of the year

| Particulars                                     | Equity Shares |        |               |        |
|---|---------------|--------|---------------|--------|
|   | 2011-12       |        | 2010-11       |        |
|   | No. of Shares | Amount | No. of Shares | Amount |
| Shares outstanding at the beginning of the year | 3,135,740     | 31,357 | 3,135,740     | 31,357 |
| Shares Issued during the year                   | -             | -      | -             | -      |
| Shares bought back during the year              | -             | -      | -             | -      |
| Shares outstanding at the end of the year       | 3,135,740     | 31,357 | 3,135,740     | 31,357 |

| Particulars                                     | Preference Shares |        |               |        |
|---|-------------------|--------|---------------|--------|
|   | 2011-12           |        | 2010-11       |        |
|   | No. of Shares     | Amount | No. of Shares | Amount |
| Shares outstanding at the beginning of the year | 85,000            | 8,500  | 85,000        | 8,500  |
| Shares Issued during the year                   | -                 | -      | -             | -      |
| Shares bought back during the year              | -                 | -      | -             | -      |
| Shares outstanding at the end of the year       | 85,000            | 8,500  | 85,000        | 8,500  |

(₹ in '000')

| Particulars   | As At<br>31.03.2012 | As At<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Note 3 : Reserves and Surplus</b>  |                     |                     |
| <b>Securities Premium Account :</b>   |                     |                     |
| As per last balance sheet   | 4,160               | 4,160               |
| Add : Received during the year  | -                   | -                   |
|   | <b>4,160</b>        | <b>4,160</b>        |
| <b>General Reserve :</b>  |                     |                     |
| As per last balance sheet   | 1,995               | 477                 |
| Add : Addition during the year  | 268                 | 1,518               |
| Less: Deduction during the year   | -                   | -                   |
|   | <b>2,263</b>        | <b>1,995</b>        |
| <b>Capital Redemption Reserve :</b>   |                     |                     |
| As per last balance sheet   | 49,900              | 49,900              |
|   | <b>49,900</b>       | <b>49,900</b>       |
| <b>Special Reserve :</b>  |                     |                     |
| As per last balance sheet   | 5,720               | 2,683               |
| Add : Addition during the year  | 537                 | 3,037               |
| Less : Deduction during the year  | -                   | -                   |
|   | <b>6,257</b>        | <b>5,720</b>        |
| <b>Surplus/(Deficit) in the statement of profit and loss:</b>   |                     |                     |
| Balance brought forward from last period / year   | 16,248              | 7,801               |
| Profit for the period   | 2,462               | 14,188              |
| <b>Amount available for appropriation</b>   | <b>18,710</b>       | <b>21,989</b>       |
| Less : Appropriations   |                     |                     |
| a) Proposed Preference Share Dividend   | 1,020               | 1,020               |
| b) Tax on Proposed Dividend   | 165                 | 165                 |
| c) Special Reserve *  | 537                 | 3,037               |
| d) General Reserve  | 268                 | 1,519               |
|   | <b>16,720</b>       | <b>16,248</b>       |
| Balance carried forward   | <b>79,300</b>       | <b>78,023</b>       |
| <b>Total</b>  | <b>79,300</b>       | <b>78,023</b>       |
| * Note: 20% of the Net Profit After Tax transferred to Special Reserve as required u/s 45 IC of RBI Guidelines, 1934. |                     |                     |
| <b>Note - 4 Other Long Term Liabilities</b>   |                     |                     |
| <b>Deposits (Unsecured)</b>   |                     |                     |
| Interest free deposit from related parties payable on demand  | 12,000              | 97,000              |
| Others  | 247                 | 247                 |
|   | <b>12,247</b>       | <b>97,247</b>       |
| <b>Of the above amounts</b>   |                     |                     |
| Secured Borrowings  | -                   | -                   |
| Unsecured Borrowings  | 12,247              | 97,247              |
|   | <b>12,247</b>       | <b>97,247</b>       |

(₹ in '000')

| Particulars   | As At<br>31.03.2012 | As At<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Note -5 Long Term Provisions</b>   |                     |                     |
| Others  | -                   | 6                   |
|   | <b>-</b>            | <b>6</b>            |
| <b>Note 6 : Short Term Borrowings</b>   |                     |                     |
| <b>Secured :</b>  |                     |                     |
| <b>Loans repayable on demand</b>  |                     |                     |
| Cash credit from bank repayable on demand (Secured)   | 25,010              | -                   |
| (Cash credit from bank is secured against equitable mortgage of premises belonging to the Company and its associate company and Corporate guarantee given by the associate company. The cash credit is repayable on demand and carries interest @ Base Rate + 4.25%.) |                     |                     |
| Loan from Non-Banking Financial Company (Secured)   | -                   | 9,237               |
| Current Year Nil (Previous Year: Loans secured against pledge of shares bearing an interest rate of MIBOR + 4.5%, repayable on demand.)   |                     |                     |
|   | <b>25,010</b>       | <b>9,237</b>        |
| <b>The above amounts include:</b>   |                     |                     |
| Secured   | 25,010              | 9,237               |
| Unsecured   | -                   | -                   |
|   | <b>25,010</b>       | <b>9,237</b>        |
| <b>Note 7 :Trade Payables</b>   |                     |                     |
| Trade payable -Others   | 11                  | 79                  |
|   | <b>11</b>           | <b>79</b>           |
| <b>Note 8: Other Current Liabilities</b>  |                     |                     |
| TDS Payable   | 23                  | 31                  |
| Other payables  | 365                 | 107                 |
|   | <b>388</b>          | <b>138</b>          |
| <b>Note -9 Short Term Provisions</b>  |                     |                     |
| Proposed Preference Share dividend  | 1,020               | 1,020               |
| Dividend Distribution Tax   | 165                 | 165                 |
| Provision for Income Tax  | 1,872               | 1,322               |
|   | <b>3,057</b>        | <b>2,507</b>        |

**Note -10 Fixed Assets -Tangible**

(₹ in'000)

| Description                     | Gross Block         |   |  |                     | Depreciation        |                                |  | Net Block           |                     |
|---------------------------------|---------------------|---|--|---------------------|---------------------|--------------------------------|--|---------------------|---------------------|
|                                 | As at<br>01.04.2011 | Additions/<br>Adjustments<br>during the<br>year | Deductions/<br>Adjustments<br>during the<br>year | As at<br>31.03.2012 | AS at<br>01.04.2011 | Provided<br>during the<br>year | Deductions/<br>Adjustments<br>during the<br>year | AS at<br>31.03.2012 | AS at<br>31.03.2011 |
| Building                        | 10,849              | -   | -  | 10,849              | 6,073               | 239                            | -  | 6,312               | 4,776               |
| Furniture & Fixture             | 6,451               | -   | -  | 6,451               | 5,917               | 97                             | -  | 6,014               | 534                 |
| Electrical Fittings             | 578                 | -   | -  | 578                 | 332                 | 34                             | -  | 366                 | 247                 |
| Computers                       | 10                  | 51  | -  | 61                  | 9                   | 6                              | -  | 15                  | 46                  |
| Office Equipments               | 1,538               | -   | -  | 1,538               | 1,338               | 28                             | -  | 1,366               | 201                 |
| Vehicles                        | 789                 | -   | 789  | -                   | 475                 | 43                             | 518  | -                   | 313                 |
| <b>Total (A)</b>                | <b>20,215</b>       | <b>51</b>                                       | <b>789</b>                                       | <b>19,477</b>       | <b>14,144</b>       | <b>447</b>                     | <b>518</b>                                       | <b>14,073</b>       | <b>6,072</b>        |
| <b>Previous year</b>            | <b>20,200</b>       | <b>15</b>                                       | <b>-</b>   | <b>20,215</b>       | <b>13,593</b>       | <b>551</b>                     | <b>-</b>   | <b>14,144</b>       | <b>6,072</b>        |
| <b>Fixed Assets -Intangible</b> |                     |   |  |                     |                     |                                |  |                     |                     |
| Computer Software               | 36                  | -   | -  | 36                  | 6                   | 12                             | -  | 18                  | 30                  |
| <b>Total (B)</b>                | <b>36</b>           | <b>-</b>  | <b>-</b>   | <b>36</b>           | <b>6</b>            | <b>12</b>                      | <b>-</b>   | <b>18</b>           | <b>30</b>           |
| <b>Previous year</b>            | <b>-</b>            | <b>36</b>                                       | <b>-</b>   | <b>36</b>           | <b>-</b>            | <b>6</b>                       | <b>-</b>   | <b>6</b>            | <b>30</b>           |
| <b>Total (A+B)</b>              | <b>20,251</b>       | <b>51</b>                                       | <b>789</b>                                       | <b>19,513</b>       | <b>14,150</b>       | <b>459</b>                     | <b>518</b>                                       | <b>14,091</b>       | <b>6,102</b>        |
| <b>Previous year</b>            | <b>20,200</b>       | <b>51</b>                                       | <b>-</b>   | <b>20,251</b>       | <b>13,593</b>       | <b>557</b>                     | <b>-</b>   | <b>14,150</b>       | <b>6,102</b>        |

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(₹ in '000)

| Sr No.   | Particulars                                 | Face Value | As on 31.03.2012 |               | As on 31.03.2011 |               |
|--|---|------------|------------------|---------------|------------------|---------------|
|  |   |            | Qty (Nos)        | Amount        | Qty (Nos)        | Amount        |
|  | <b>Note 11 : Non Current Investment</b>     |            |                  |               |                  |               |
|  | <b>Non Trade -Quoted</b>                    |            |                  |               |                  |               |
|  | <b>Investment in Equity Shares</b>          |            |                  |               |                  |               |
| 1  | Akzo Nobel India Limited                    | 10         | -                | -             | 700              | 619           |
| 2  | Bajaj Corp Limited                          | 1          | 29,000           | 4,303         | 5,800            | 4,303         |
| 3  | Coal India Limited                          | 10         | -                | -             | 11,000           | 2,925         |
| 4  | Country Club (India) Limited                | 2          | 2,967            | 63            | 20,000           | 423           |
| 5  | DQ Entertainment (International) Limited    | 10         | 5,741            | 732           | 5,741            | 732           |
| 6  | Dredging Corporation of India Limited       | 10         | 1,800            | 1,715         | 1,800            | 1,715         |
| 7  | Everest Kanto Cylinder Limited              | 2          | 2,000            | 344           | 2,000            | 344           |
| 8  | Glenmark Pharmaceuticals Limited            | 1          | -                | -             | 1,000            | 416           |
| 9  | HBL Power Systems Limited                   | 1          | 29,750           | 1,149         | 29,750           | 1,149         |
| 10   | Himachal Futuristics Communications Limited | 1          | 10,000           | 425           | 10,000           | 425           |
| 11   | Hindustan Copper Limited                    | 5          | 4                | 3             | 4                | 3             |
| 12   | Hotline Glass Limited                       | 10         | 37,549           | -             | 37,549           | -             |
| 13   | IDBI Bank Limited                           | 10         | 200              | 39            | 200              | 39            |
| 14   | ICICI Bank Limited                          | 10         | 1,000            | 1,369         | 1,000            | 1,369         |
| 15   | Indiabulls Real Estate Limited              | 2          | 2,000            | 1,008         | 2,000            | 1,443         |
| 16   | Indiabulls Wholesale Services Limited       | 2          | 250              | 14            | -                | -             |
| 17   | NHPC Limited.                               | 10         | 76,963           | 3,422         | 76,963           | 3,422         |
| 18   | Om Metals & Infraprojects Limited           | 1          | 5,000            | 426           | 5,000            | 426           |
| 19   | Poly Medicure Limited                       | 10         | 143,509          | 40,338        | -                | -             |
| 20   | Reliance Infrastructure Limited             | 10         | 1,150            | 1,625         | 1,150            | 1,625         |
| 21   | Reliance Industrial Infrastructure Limited  | 10         | 300              | 669           | 300              | 669           |
| 22   | Reliance Industries Limited                 | 10         | 418              | 634           | 418              | 634           |
| 23   | Shree Ram Urban Infrastructure Limited.     | 10         | 5,000            | 976           | 5,000            | 976           |
| 24   | Shree Vindhya Paper Mills Limited           | 10         | 1                | -             | 1                | -             |
| 25   | Singer India Limited                        | 10         | 3,400            | 247           | 3,400            | 247           |
| 26   | Srei Infrastructure Finance Limited         | 10         | 16,000           | 740           | 18,000           | 833           |
| 27   | Uflex Limited.                              | 10         | -                | -             | 1,000            | 112           |
| 28   | Vikas Wsp Limited                           | 1          | 4,500            | 147           | 10,500           | 346           |
| 29   | VST Industries Limited.                     | 10         | -                | -             | 700              | 357           |
|  | <b>SUB-TOTAL (A)</b>                        |            |                  | <b>60,388</b> |                  | <b>25,552</b> |
|  | <b>Non-Trade -Unquoted</b>                  |            |                  |               |                  |               |
|  | <b>Investment in Equity Shares</b>          |            |                  |               |                  |               |
|  | <b>In Associates</b>                        |            |                  |               |                  |               |
| 1  | KJMC Capital Market Services Limited        | 10         | -                | -             | 50,00,000        | 50,000        |
| 2  | KJMC Commodities Market India Limited       | 10         | -                | -             | 202,500          | 2,025         |
|  | Others                                      |            |                  |               |                  |               |
| 1  | Indiabulls Infrastructure and Power Limited | 2          | 5,900            | 420           | -                | -             |
| 2  | DR. Modi's Karjat Health Resort Limited     | 10         | 50,000           | 750           | 50,000           | 750           |
| 3  | Prime Pictures Limited                      | 10         | 25,000           | -             | 25,000           | -             |
|  | <b>SUB-TOTAL (B)</b>                        |            |                  | <b>1,170</b>  |                  | <b>52,775</b> |
|  | <b>TOTAL (A+B)</b>                          |            |                  | <b>61,558</b> |                  | <b>78,327</b> |
| Aggregate amount of quoted Investment                      |   |            |                  | <b>60,388</b> |                  | <b>25,552</b> |
| Aggregate Market Value of quoted Investment                |   |            |                  | <b>46,354</b> |                  | <b>16,064</b> |
| Aggregate amount of unquoted Investment                    |   |            |                  | <b>1,170</b>  |                  | <b>52,775</b> |
| Aggregate provision for diminution in value of investments |   |            |                  | <b>NIL</b>    |                  | <b>NIL</b>    |

(₹ in '000')

| Particulars                                   | As At<br>31.03.2012 | As At<br>31.03.2011 |
|---|---------------------|---------------------|
| <b>Note 12 : Deferred Taxation</b>            |                     |                     |
| <b>Deferred Tax Asset</b>                     |                     |                     |
| Business Loss                                 | 2,100               | 2,125               |
| Unabsorbed Long Term Capital Loss             | 11,467              | 11,467              |
|   | <b>13,567</b>       | <b>13,592</b>       |
| <b>Deferred Tax Liability</b>                 |                     |                     |
| Fixed Assets                                  | 936                 | 883                 |
|   | <b>936</b>          | <b>883</b>          |
| <b>Deffered tax Asset/(liability)-Net</b>     | <b>12,631</b>       | <b>12,709</b>       |
| <b>Note 13 : Long Term Loans and Advances</b> |                     |                     |
| Security Deposits                             | -                   | -                   |
| Secured considered good                       | -                   | -                   |
| Unsecured, considered good                    | 25,289              | 100,000             |
| Doubtful                                      | -                   | -                   |
| <b>Total</b>                                  | <b>25,289</b>       | <b>100,000</b>      |
| <b>Note 14 : Other Non-current Assets</b>     |                     |                     |
| Long term Trade Receivables                   | -                   | 5                   |
| Unsecured, considered good                    | -                   | 5                   |

### Note 15-Current Investments

(₹ in '000')

| Sr No.   | Particulars                       | As on 31.03.2012 |               | As on 31.03.2011 |              |
|--|-----------------------------------|------------------|---------------|------------------|--------------|
|  |                                   | Qty (Nos)        | Amount        | Qty (Nos)        | Amount       |
|  | <b>Non-Trade -Quoted</b>          |                  |               |                  |              |
|  | <b>Investment in Mutual Funds</b> |                  |               |                  |              |
| 1  | SBI Premier Liquid Fund           | 21443.052        | 36,500        | -                | -            |
| 2  | UTI Floating Rate Fund            | -                | -             | 1,468.675        | 1,544        |
| 3  | HDFC Cash Management Fund         | -                | -             | 135,690.884      | 1,360        |
|  | <b>TOTAL</b>                      |                  | <b>36,500</b> |                  | <b>2,904</b> |
| Aggregate amount of quoted Investment                      |                                   |                  | <b>36,500</b> |                  | <b>2,904</b> |
| Aggregate Market Value of quoted Investment                |                                   |                  | <b>36,532</b> |                  | <b>2,938</b> |
| Aggregate amount of unquoted Investment                    |                                   |                  | <b>NIL</b>    |                  | <b>NIL</b>   |
| Aggregate provision for diminution in value of investments |                                   |                  | <b>NIL</b>    |                  | <b>NIL</b>   |

(₹ in '000')

| Particulars  | As At<br>31.03.2012 | As At<br>31.03.2011 |
|--|---------------------|---------------------|
| <b>Note 16 - Cash and Bank Balances</b>                  |                     |                     |
| Cash and Cash Equivalents                                |                     |                     |
| Cash in Hand   | 57                  | 98                  |
| Balance with Banks                                       |                     |                     |
| - In Current Accounts                                    | 1,561               | 10,524              |
|  | <b>1,618</b>        | <b>10,622</b>       |
| Other Bank Balances                                      |                     |                     |
| - In Deposit Accounts with more than 12 months' maturity | 2,674               | 74                  |
|  | <b>4,292</b>        | <b>10,696</b>       |

| (₹ in '000')                                     |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
| Particulars                                      | As at<br>31.03.2012                 | As at<br>31.03.2011                 |
| <b>Note 17- Short Term Loans and Advances</b>    |                                     |                                     |
| Others   |                                     |                                     |
| Loans and advances to employees                  | 4                                   | -                                   |
| Advance Income Tax                               | 2,091                               | 2,016                               |
| TDS Receivable                                   | 125                                 | -                                   |
| Deposits with others                             | -                                   | 289                                 |
| MAT credit Entitlement                           | 1,060                               | 686                                 |
| Others   | 62                                  | 2,598                               |
|  | <b>3,342</b>                        | <b>5,589</b>                        |
| <b>Note 18 - Other Current Assets</b>            |                                     |                                     |
| Others   |                                     |                                     |
| Accrued Interest                                 | 41                                  | -                                   |
| Dividend receivable on non current investments   | 3                                   | -                                   |
| Others   | 30                                  | -                                   |
|  | <b>74</b>                           | <b>-</b>                            |
|  |                                     | (₹ in '000')                        |
| Particulars                                      | for the<br>year ended<br>31.03.2012 | for the<br>year ended<br>31.03.2011 |
| <b>Note 19 - Revenue from Opeartions</b>         |                                     |                                     |
| Interest Income                                  | 255                                 | 3,123                               |
| Profit on Sale of Investments                    | 4,894                               | 6,417                               |
| Professional fees Income                         | 135                                 | -                                   |
|  | <b>5,284</b>                        | <b>9,540</b>                        |
| <b>Note 20 - Other Income</b>                    |                                     |                                     |
| Professional Income                              | 100                                 | -                                   |
| Interest Income                                  | 105                                 | 61                                  |
| Dividend Income                                  | 455                                 | 451                                 |
| Profit on Sale of Investments                    | 39                                  | -                                   |
| Profit on sale of Assets                         | 105                                 | -                                   |
| Miscellaneous Income                             | 766                                 | 813                                 |
|  | <b>1,570</b>                        | <b>1,325</b>                        |
| <b>Note 21 - Employee Benefit Expense</b>        |                                     |                                     |
| Salaries and wages                               | 1,380                               | 1617                                |
| Contribution to provident and other funds        | 9                                   | 0                                   |
| Staff welfare expenses                           | 35                                  | 99                                  |
|  | <b>1,424</b>                        | <b>1,716</b>                        |
| <b>Note 22- Finance costs</b>                    |                                     |                                     |
| Interest expenses                                | 556                                 | 1,952                               |
| Other borrowing costs                            | 76                                  | 91                                  |
|  | <b>632</b>                          | <b>2,043</b>                        |
| <b>Note 23 - Other expenses</b>                  |                                     |                                     |
| Advertisement                                    | 104                                 | 184                                 |
| Auditors Remuneration (for break up refer below) | 120                                 | 94                                  |
| Amounts written off                              | -                                   | 532                                 |
| Infrastructural Support Service Expenses         | 214                                 | -                                   |
| Insurance  | -                                   | 14                                  |
| Legal Expenses                                   | 16                                  | 112                                 |
| Miscellaneous expenses                           | 633                                 | 650                                 |
| Professional Fees                                | 285                                 | 508                                 |
| Prior period Items                               | -                                   | 18                                  |
| Repairs - Building                               | -                                   | 20                                  |
| Others   | -                                   | 23                                  |
| Subscription & Membership                        | 250                                 | 321                                 |
| Telephone expense                                | -                                   | 124                                 |
| Travelling expense                               | -                                   | 43                                  |
|  | <b>1,622</b>                        | <b>2,643</b>                        |
| <b>As Auditor</b>                                |                                     |                                     |
| As Statutory Auditor                             | 58                                  | 61                                  |
| For Taxation matters                             | 10                                  | 10                                  |
| For Limited Review                               | 38                                  | -                                   |
| <b>In other capacity</b>                         |                                     |                                     |
| Company Law matters                              | -                                   | 18                                  |
| Management Services                              | 5                                   | -                                   |
| For reimbursement of expenses/Service Tax        | 9                                   | 5                                   |
|  | <b>120</b>                          | <b>94</b>                           |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 31 2012.**
**NOTES FORMING PART OF ACCOUNTS**
**(Note Nos : 24 to 30)**

24. Contingent Liabilities not provided for:

(₹ '000)

Corporate Guarantees given to:

- HDFC Bank for ₹ Nil (₹ 30,000)
- Corporation Bank for ₹ Nil (₹ 20,000 )  
in respect of KJMC Capital Market Services Limited.

25. Earnings per Share:

| Particulars  | For the<br>Year ended<br>31.03.2012 | For the<br>Year ended<br>31.03.2011 |
|--|-------------------------------------|-------------------------------------|
| Net Profit / (Loss) after<br>Taxation (₹ in '000)        | 2,462                               | 14,188                              |
| Less : Preference Dividend and<br>Tax thereon(₹ in '000) | 1,185                               | 1,185                               |
| Net Profit/(Loss) for calculation<br>of EPS (₹ in '000)  | 1,277                               | 13,003                              |
| The weighted average Number of<br>Equity Share (Nos.)    | 31,35,740                           | 31,35,740                           |
| Face value (₹)   | 10                                  | 10                                  |
| Earnings per Share (Basic)                               | 0.41                                | 4.16                                |
| Earnings per Share (Diluted)                             | 0.41                                | 4.16                                |

26. Earnings in Foreign Currency ₹ Nil ( ₹ Nil)

Expenditure in Foreign Currency ₹ Nil (₹ Nil)

27. Managerial remuneration included in the Profit & Loss Account are ₹ Nil (₹ Nil)

28. **Related party disclosures under Accounting Standard -18:**

**List of related parties:**
**a) Key Management Personnel**

Girish Jain

**b) Relatives of Key Management Personnel.**

Inderchand Jain - Father

Chanddevi Jain - Mother

Rajnish Jain - Brother

Aditi Jain - Wife

**c) Enterprises over which key management personnel/relatives are able to exercise significant influence**

KJMC Global Market (India) Limited  
KJMC Shares and Securities Limited  
KJMC Capital Market Services Limited  
KJMC Credit Marketing Limited  
KJMC Commodities Market India Limited  
KJMC Technologies & Systems Limited  
Puja Impex Private Limited  
Prathamesh Enterprises Private Limited  
KJMC Platinum Builders Private Limited  
KJMC Silver Properties Private Limited

## 24TH ANNUAL REPORT 2011-2012

### Transactions during the year with related parties

(₹ in 000's)

| Sr. No. | Nature of Transactions with related parties   | Associates       |                      | Enterprises over which key management personnel/relatives are able to exercise significant influence |                                |
|---------|---|------------------|----------------------|--|--------------------------------|
|         |   | 31.03.2012       | 31.03.2011           | 31.03.2012   | 31.03.2011                     |
| 1       | <b>Loans and Advances Received</b><br>KJMC Capital Market Services Ltd<br>KJMC Credit Marketing Ltd<br>Puja Impex Pvt Ltd   | -<br>-<br>-      | -<br>-<br>-          | -<br>123,208<br>-  | -<br>-<br>7,500<br>10,450      |
| 2       | <b>Loans and Advances Repaid</b><br>KJMC Capital Market Services Ltd<br>KJMC shares & Securities Ltd<br>KJMC Global Market (India) Ltd<br>KJMC Credit Marketing Ltd | -<br>-<br>-<br>- | -<br>13500<br>-<br>- | -<br>123,279<br>-<br>-   | -<br>-<br>19600<br>750<br>1020 |
| 3       | <b>Interest Received</b><br>KJMC Capital Market Services Limited  | -                | -                    | 212  | -                              |
| 4       | <b>Deposit Received/(Repaid)</b><br>KJMC Capital Market Services Ltd  | -                | 12,000               | -  | -                              |
| 5       | <b>Deposit Given/Received</b><br>KJMC Shares & Securities Ltd   | -                | -                    | 10,000   | -                              |
| 6       | <b>Rent Received</b><br>KJMC Capital Market Services Ltd  | -                | -                    | 760  | -                              |
| 7       | <b>Professional fees Paid</b><br>KJMC Shares & Securities Ltd   | -                | -                    | 135  | -                              |
| 8       | <b>Reimbursement of Expenses received</b><br>KJMC Capital Market Services Ltd<br>KJMC Global Market (India) Ltd   | -<br>-           | -<br>-               | 87<br>146  | -<br>-                         |
| 9       | <b>Reimbursement of Expenses Paid</b><br>KJMC Credit Marketing Ltd<br>KJMC Global Market (India) Ltd  | -<br>-           | -<br>-               | 2<br>248   | -<br>-                         |
| 10      | <b>Purchase / (Sale) of Investment in shares</b><br>KJMC Global Market (India) Ltd<br>Puja Impex Pvt Ltd  | -<br>-           | -<br>-               | (55020)<br>417   | -<br>-                         |
| 11      | <b>Net Receivables</b><br>KJMC Capital Market Services Ltd  | -                | -                    | 29   | -                              |
| 12      | <b>Net Payables</b><br>KJMC Capital Market Services Ltd<br>KJMC Shares & Securities Ltd   | -<br>-           | 12,000<br>-          | 12,000<br>-  | -<br>10,000                    |

KJMC Capital Market Services Limited and KJMC Commodities Market India Limited are classified as "Associates" for the year 2010-2011 in related party transactions

29. The management has identified the Company's operations with a single business segment of non banking financial operations in India. All the assets of the Company are located in India.
30. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable and shown in brackets

As per our report of even date attached

**For K.S. Aiyar & Co.**

Chartered Accountants.

Registration No. 100186W

**Sachin Negandhi**

Partner

Membership No. 112888

Place: Mumbai

Dated: 24th May, 2012

For and on behalf of Board of Directors

**I.C. Jain**

Chairman

**Girish Jain**

Director

**Swadesh Agrawal**

Company Secretary

Place: Mumbai

Dated: 24th May, 2012



## KJMC FINANCIAL SERVICES LIMITED



## KJMC FINANCIAL SERVICES LIMITED

Registered Office : 168, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021.

### PROXY

Reg. Folio No./Client ID/DP ID .....

No. of Shares held .....

I/We .....

.....of.....

.....Being a Member/ Members of KJMC FINANCIAL SERVICES LIMITED

hereby appoint .....of.....or

failing him.....of.....as

my/ our proxy to vote for me/ us on my behalf at the 24TH ANNUAL GENERAL MEETING of the Company to be held on Thursday the 20th September, 2012 and at any adjournment thereof.

Affix  
Rupee. 1  
Revenue  
Stamp

Signed this ..... day of ....., 2012

Signature .....

Note : This form duly completed and signed must be deposited at the Registered office of the Company not less than 48 hours before the Meeting.



## KJMC FINANCIAL SERVICES LIMITED

Registered Office : 168, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021.

### ATTENDANCE

(To be handed over at the entrance of the Meeting Hall)

24th Annual General Meeting - 20th September, 2012

I hereby record my presence at the 24TH ANNUAL GENERAL MEETING of the company held on Thursday, 20th September, 2012 at 2.00 P.M. at S. K. Somani Memorial Hall, Hindi Vidya Bhawan, 79 - Marine Drive, "F" Road, Mumbai - 400 020.

Full name of Member (IN BLOCK LETTERS).....

Reg. Folio No./ Client ID/DP ID.....

No. of shares held.....

Full name of Proxy (IN BLOCK LETTERS)

.....

.....

Member's / Proxy Signature



BOOK-POST

To,



*If undelivered please return to :*

**KJMC FINANCIAL SERVICES LIMITED**

Regd. office : - 168, 16th Floor, Atlanta,  
Near Status Restaurant, 209, Nariman Point,  
Mumbai - 400 021.